

**The opinions of the Independent Financial Advisor
on the acquisition of asset and the connected transaction
regarding the additional investment in The One Enterprise Co., Ltd.**

by



GMM Grammy Public Company Limited

Presented to

Shareholders of GMM Grammy Public Company Limited

Prepared by



Jaydee Partners Limited

27 April 2017

This English report of the Independent Financial Advisor's Opinions has been prepared solely for the convenience of foreign shareholders of GMM Grammy Public Company Limited and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

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Glossary

The Company or GRAMMY	GMM Grammy Public Company Limited
The Group	GMM Grammy Public Company Limited and its subsidiaries
The One Enterprise	The One Enterprise Co., Ltd. (formerly known as GMM ONE TV TRADING Co., Ltd.)
GMM ONE TV	GMM ONE TV Co., Ltd. (formerly known as GMM HD DIGITAL TV Co., Ltd.)
Group of The One Enterprise	The One Enterprise Co., Ltd. and its subsidiaries
ACTS STUDIO	ACTS STUDIO COMPANY LIMITED
Exact Scenario	Exact Scenario Co., Ltd
Me Mi Ti	Me Mi Ti Co., Ltd
Mr.Takonkiet	Mr. Takonkiet Viravan
Group of Mr.Takonkiet	Mr. Takonkiet Viravan Scenario Co., Ltd and Wan Tam Dee Co., Ltd
Scenario	Scenario Co., Ltd
Wan Tam Dee	Wan Tam Dee Co., Ltd
Pranaporn	Pranaporn Co., Ltd.
Licenses	The licenses to use allocated frequencies for national commercial digital television services
License in Variety HD	The licenses to use allocated frequencies for national commercial digital television services in Variety Category (High Definition)
License in Variety SD	The licenses to use allocated frequencies for national commercial digital television services in Variety Category (Standard Definition)
NBTC	The National Broadcasting and Telecommunication Commission
Independent Financial Advisor or IFA	Jaydee Partners Limited
SET	The Stock Exchange of Thailand
SEC	The Securities and Exchange Commission
Notification of the Acquisition or Disposition	Notification of Capital Market Supervisory Board TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and 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 Asset, 2004 (as amended).
Notifications on Connected Transactions	The Notification of Capital Supervisory Board, Tor. Chor. 21/2008 Re: Rules on Connected Transactions dated August 31, 2008 and its amendments, as well as the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and the Acts of Listed Companies concerning Connected Transaction B.E. 2546 (2003) dated November 19, 2003 and its amendments

27 April 2017

To: The Shareholders
GMM Grammy Public Company Limited

Re: Independent Financial Advisor Report on the acquisition of asset and the Connected Transaction

With reference to the resolution of the Board of Directors of GMM Grammy Public Company Limited (“the Company” or “GRAMMY”) No.4/2017 dated 17 April 2017, the Board of Directors has approved the entering into of the connected transaction on the Company’s acquisition of 2,200,000 shares of The One Enterprise Co., Ltd. (“The One Enterprise”), at the par value of THB 100 per share, or equivalent to 5.77% of the total issued shares of The One Enterprise, from Scenario Co., Ltd. (“Scenario”), at the price of THB 100 per share, totaling THB 220,000,000, after the completion of The One Enterprise’s capital increase on 31 May 2017.

The entering into of 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 (“the SET”) 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 “Notification of the Acquisition or Disposition”). After the calculation, the transaction value is equivalent to 3.04% 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 by a certified public accountant. In this regard, as the transaction value is lower than 15%, pursuant to the Notification of the Acquisition or Disposition, the Company is not obliged to disclose the information on the acquisition with the SET.

The entering into of such transaction, however, constitutes a connected 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 Connected Transactions, 2003, and the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions (collectively, the “Notifications on Connected Transactions”) as the Company and Scenario are related to each other in the following manner:

- (1) Mr. Takonkiet Viravan is 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 (52.50%), 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.

Such connected transaction represents the value of 28.95% of the net tangible asset (NTA) from the Consolidated Financial Statements of the Company for the year ending 31 December 2016 which were audited by a certified public accountant. Due to the transaction value of more than or equivalent to THB 20.00 million or more than or equivalent to 3.00% 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 SET, 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.

According to the Board of Directors Meeting No.4/2017 dated April 17, 2017, the Board of Directors has approved the appointment of JayDee Partners Limited (“independent financial advisor” or “the IFA”), as financial advisor approved by the Office of the Securities and Exchange Commission (“the SEC”) and JayDee

The opinions of IFA on the acquisition of asset and the connected transaction
(For the purpose of translation only)

Partners Limited does not have any relationship with the Company, and is authorized to be an independent financial advisor of the Company to provide an opinion to shareholders as supporting information for their voting consideration with respect to this transaction of the Company.

This IFA report was prepared based on the information gathered from interviews with the Company's management, documents provided by the Company, publicly available information as well as the IFA's assessment of current economic conditions. Any significant changes to this information in the future may alter the IFA's opinion on the transaction accordingly. Information and documents used in preparing this report included but are not limited to the following:

- The resolutions of the Company's Board of Director's Meetings and Information Memorandum relating to the transaction
- Information of the transaction which is disclosed through the information service system of the SET and/or website and/or public
- Information disclosure (Form 56-1) as of FY 2016 of the Company
- The Company's audited consolidated financial statements for the year ended 31 December 2014 - 2016
- The One Enterprise's audited consolidated financial statements for the year ended 31 December 2014 – 2016
- Summary of contracts relating to the transaction
- Summary of the key conditions under the Share Sale and Purchase Agreement of The One Enterprise's shares between the Company, Mr.Takonkiet's Group and Pranaporn. In this regards, the IFA has a limitation in accessing these information due to the non-disclosure agreement made between the counterparties. However, such limitation does not significantly affect the opinion of the IFA regarding the purchase of The One Enterprise's shares from Scenario under this transaction.
- Information from interviews with the Company's managements
- Information and documents obtained from the Company

In addition, the IFA's opinion was based on the following assumptions:-

- All information and documents provided by the Company and the interviews with management were valid and true. The opinion obtained was credible and close to the current situation.
- No past events or imminent events or impending events would create significant negative impacts on the Company's operating performance, The One Enterprise's operating performance and its subsidiaries of The One Enterprise's operating performance.
- All business contracts related to the Company, The One Enterprise and its subsidiaries of The One Enterprise were legal and binding. There would not be any amendments, revocation nor cancellation of the laws related to the Transactions.

The IFA certified that we have studied, analyzed and prudently performed our duties as an Independent Financial Advisor, complying with the generally accepted professional standard and rendered our opinion based on the unbiased analysis with regards to the best benefit of the shareholders. However, it is important to note that the IFA's opinions are based on the information and documents received from the Company and other publicly available information. The IFA assumes that such information is accurate and reliable at the time the IFA prepared this opinion report. However, if such information is found to be inaccurate and/or incomplete and/or unreliable and/or have any significant changes in the future, the opinion provided by the IFA may differ accordingly. As a result, the IFA is unable to be held responsible for any adverse impacts on the Company and its shareholders resulting from the transaction. In addition, the objective of this report is merely to provide an opinion on the Transactions to the Company's shareholders only. Notwithstanding, the decision to vote is the sole discretion of the shareholders, which shall include the consideration of advantages, disadvantages, and risk associated with the Transactions as well as consideration of the attached documents submitted to the shareholders along with the invitation letter so as to make the most appropriate decision. In this regard, the opinion of the IFA does not certify the success of the Transactions as well as the possible impacts to the Company and/or to the Company's shareholders. The IFA does not hold any responsibilities for the impacts that might arise from such transactions both directly and indirectly.

The IFA has considered the reasonableness of the transactions of the Company in detail described below:

Executive Summary

The Board of Directors' meeting of The One Enterprise held on October 25, 2016 resolved to approve the increase in registered capital of The One Enterprise by the amount of THB 1,905.00 million from the existing registered capital of THB 1,905.00 million to a total registered capital of THB 3,810.00 million by issuing new ordinary shares of 19.05 million shares offering to the existing shareholders of The One Enterprise at the price of THB 100.00 per share, which equals to the par value of The One Enterprise's ordinary share at present. The capital increase no.1 was carried out on March 31, 2017 at the amount of THB 500.00 million, comprising of 5.00 million ordinary shares, at the par value of THB 100.00, and the offering price of THB 100.00 each. The capital increase no.2 will be carried out on May 31, 2017 at the amount of THB 1,405.00 million, comprising of 14,050,000 ordinary shares, at the par value of THB 100.00, and the offering price of THB 100.00 each. The existing shareholders of The One Enterprise, namely, (1) the Company (2) Mr. Takonkiet (3) Scenario and (4) Wan Tam Dee Co., Ltd. ("Wan Tam Dee") shall waive the right to purchase all such newly issued ordinary shares of The One Enterprise according to their shareholding percentage. Meanwhile, Pranaporn Co., Ltd. ("Pranaporn"), the existing shareholders of The One Enterprise, will subscribe for all of the remaining newly issued shares of The One Enterprise after the waiver by the other existing shareholders. The waiver of right to purchase the newly issued ordinary shares of The One Enterprise by the Company and Mr. Takonkiet's Group is in accordance with the conditions stipulated in the Share Sale and Purchase Agreement that have been entered into by the Company and Mr. Takonkiet's Group with Pranaporn on November 30, 2016 (according to the key conditions of the Share Sale and Purchase Agreement, the Company, Scenario, Mr. Takonkiet, and Wan Tam Dee (collectively referred to as "the Seller") shall proceed to increase the registered capital of The One Enterprise by issuing new ordinary shares and the Seller shall waive the right to purchase such newly issued ordinary shares so that Pranaporn can subscribe to such newly issued ordinary shares of The One Enterprise). After the completion of both capital increases of The One Enterprise, the Company will hold 25.50%. However, since Scenario intends to sell its shares held in The One Enterprise in the amount of 2.20 million shares at its par value (which is THB 100.00 per share, equivalent to the subscription price of the newly issued shares of The One Enterprise by Pranaporn in the first and the second capital increase and also equivalent to the subscription price of the newly issued shares by Mr.Takonkiet when the Company waived the rights to subscribe those shares to Mr.Takonkiet in 2015). Therefore, the increase in the shareholding portion of the Company in The One Enterprise (which engages in the main business of TV program production for broadcasting on digital TV channel, namely ONE channel, as well as related businesses such as studio leasing for the production of TV series, movies, and for organizing entertainment events, and also the business related to artist management and TV program production services) will enhance the Company's opportunity to earn a return on investment in The One Enterprise at a higher amount according to the increase in its shareholding percentage (in the event that the operating performance of The One Enterprise Group is growing as planned). Therefore, the Board of Directors' meeting of the Company no. 4/2017 held on April 17, 2017 has resolved to approve the acquisition of 2.20 million shares of The One Enterprise (representing 5.77% of total issued and paid-up shares of The One Enterprise post capital increase) from Scenario at the purchase price of THB 100.00 per share, totaling THB 220.00 million. The purchase price of The One Enterprise's shares from Scenario is the same as the par value of The One Enterprise's shares as well as the offering price of the newly issued shares of The One Enterprise under both capital increases. After the transaction, the shareholding structure of The One Enterprise will be as follows;

**The shareholding structure of The One Enterprise post capital increases and
the shareholding structure after the Company purchases shares of The One Enterprise from Scenario**

Shareholders of The One Enterprise	Before capital increase		Post capital increase no.1		Post capital increase no.2		Post share purchase from Scenario	
	THB 1,905 million of capital		THB 2,405 million of capital		THB 3,810 million of capital		THB 3,810 million of capital	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
1. GMM Grammy Public Company Limited	9,715,497	51.00	9,715,497	40.40	9,715,497	25.50	11,915,497	31.27
2. Mr.Takonkiet's Group - Scenario Co., Ltd. ¹	9,334,500 6,634,500	49.00 34.83	9,334,500 6,634,500	38.81 27.58	9,334,500 6,634,500	24.50 17.41	7,134,500 4,434,500	18.73 11.64

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Shareholders of The One Enterprise	Before capital increase		Post capital increase no.1		Post capital increase no.2		Post share purchase from Scenario	
	THB 1,905 million of capital		THB 2,405 million of capital		THB 3,810 million of capital		THB 3,810 million of capital	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
- Mr.Takonkiet Viravan	1,500,000	7.87	1,500,000	6.24	1,500,000	3.94	1,500,000	3.94
- Wan Tam Dee Co., Ltd. ²	1,200,000	6.30	1,200,000	4.99	1,200,000	3.15	1,200,000	3.15
3. Miss Boosaba Daorueng	1	0.00	2	0.00	2	0.00	2	0.00
4. Mrs. Montana Thawaranont	1	0.00	1	0.00	1	0.00	1	0.00
5. Pranaporn Co., Ltd. ³	1	0.00	5,000,000 ⁴	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

- Remark : ¹ The shareholders of Scenario Co., Ltd. as of April 30, 2016 were Mr.Takonkiet Viravan at 52.50%, GMM Media Public Company Limited at 25.00%, and other shareholders altogether at 22.50% (other shareholders of Scenario are individuals who are not considered as connected persons of the Company or Mr.Takonkiet's Group).
- ² The shareholders of Wan Tam Dee Co., Ltd. as of April 30, 2016 were Viravan family with direct and indirect shareholding altogether of 74.17%
- ³ The major shareholder at 99.98% of Pranaporn is Miss Poramaporn Prasarttong-Osoth
- ⁴ Pranaporn sold 1 share to Miss Boosaba Daorueng

The purchase of The One Enterprise's shares from Scenario will take place after the completion of the capital increase no.2 on May 31, 2017. However, the Company will be able to enter into the transaction after the following conditions precedent have been fulfilled.

- The shareholders' meeting of the Company approves the transaction.
- The One Enterprise obtains the full amount of the subscription proceed for the newly issued shares from Pranaporn at THB 1,905.00 million according to the Subscription Agreement of the Newly Issued Shares of Pranaporn. The second capital increase of The One Enterprise is planned to be on May 31, 2017.
- Must obtain the confirmation in writing from the financial institutions and the Company, Mr.Takonkiet's Group, and Pranaporn have signed the guarantee contract for the liabilities of The One Enterprise Group according to the portion as determined by the financial institutions who provide loans to The One Enterprise, GMM ONE TV, and/or the companies within the group as well as the financial institutions who are the representatives of The One Enterprise's debenture holders and according to the conditions as stipulated in the Subscription Agreement of the Newly Issued Shares by Pranaporn. The process will begin after the completion of the second capital increase by The One Enterprise. (on March 27, 2017, the core financial institution of The One Enterprise Group gave consent for the change in the proportion of loan guarantee obligation among each shareholder of The One Enterprise after the completion of the increase in the registered capital of The One Enterprise on May 31, 2017. Pranaporn, the Company, and Mr.Takonkiet's Group shall be liable for the guarantee of the current loans that The One Enterprise Group have with the core financial institution at 50.00% for all three parties (the guarantee obligation is beyond the shareholding portion of the Company and Mr.Takonkiet's Group in The One Enterprise) Meanwhile, other financial institutions gave consent for the proportion of guarantee obligation to be in accordance with the shareholding portion of each post capital increase by Pranaporn).
- Must obtain the confirmation in writing from the financial institutions, with the content of the confirmation satisfying to the Company; the financial institutions give consent for the change in the shareholding structure of The One Enterprise. The Company and Mr.Takonkiet's Group are preparing to proceed with such matter.

In this regards, based on the information from the interview with the Company's management, after Pranaporn completely paid for the subscription price of the newly issued shares of The One Enterprise under the capital increase no.2 and the Company purchased shares of The One Enterprise from Scenario, Pranaporn, the Company, and Mr.Takonkiet's Group will have their shareholding portions in The One Enterprise at 50.00%, 31.27%, and 18.73%, respectively. After the subscription of the newly issued shares of The One Enterprise by Pranaporn, the Board of Directors of The One Enterprise will comprise 11 directors, which will include 6 directors nominated by Pranaporn and 5 directors nominated by the Company together with Mr.Takonkiet's Group. For the operation of The One Enterprise, the Executive Committee will be appointed and authorized with the management authority. The Executive Committee will comprise 7

executives, which will include 3 executives nominated by Pranaporn and 4 executives nominated by the Company together with Mr.Takonkiet's Group. In this regards, any important operating plans must be approved by the Board of Directors who are nominated by all shareholders such as the preparation of business plan, the approval of budget, etc.

In addition, the management of the Company informed that the Share Sale and Purchase Agreement of The One Enterprise's share dated November 30, 2016 between Pranaporn, the Company, and Mr.Takonkiet's Group states that Pranaporn is not a licensed juristic person and/or any person involved with the spectrum licensee for digital television broadcasting services at a national level in a category of variety HD or news channel prior to the subscription of the newly issued shares of The One Enterprise. Therefore, the subscription of the newly issued shares in The One Enterprise by Pranaporn is not considered according to the Notification of the National Broadcasting and Telecommunications Commission regarding the characteristics and measures to control the business merger, cross shareholding, and the takeover of the broadcasting and telecommunication business dated December 22, 2014 which requires the licensee who intends to merge with the other licensee to request for approval to the Office of The National Broadcasting and Telecommunications Commission ("NBTC") prior to taking actions.

The purchase of the additional shares of The One Enterprise from Scenario at THB 220.00 million is considered as the acquisition transaction according to the Notification of the Acquisition or Disposition. The maximum transaction value is calculated using the basis of total consideration value and the consolidated financial statements of the Company for the year ended December 31, 2016 at 3.04%. Additionally, since Scenario, the seller of The One Enterprise's shares to the Company is a connected person of the Company. This is because Mr.Takonkiet, the major shareholder of Scenario at 52.50% who is the director and the Managing Director of Scenario, is also the management of the Company (the first 4 persons in the management level next to the highest management) and Miss Boosaba Daorueng, Vice Chairman of GRAMMY's Board of Director and Chairman of the Group Executive Committee of GRAMMY is also the direct of Scenario. Therefore, the transaction is considered as the connected transaction according to the Notifications on Connected Transactions. The connected transaction size is 28.95% of net tangible assets (NTA) of the Company as of December 31, 2016, which is greater than 3.00% of the Company's NTA. Therefore, the Company is obliged to disclose the information about the transaction to the SET and to seek approval from the shareholders' meeting with the votes of not less than three fourths of the total votes of the shareholders attending the meeting and having the rights to vote, excluding the votes of the interested shareholders. Additionally, the Company must engage the independent financial advisor to opine on the reasonableness of the transaction as well as the fairness of the transaction price and conditions to the shareholders of the Company (details of the transaction size calculation are presented in Section 1 Item 1.1.1 of this report).

Based on our analysis in relation to the appropriateness of the transaction which includes the fairness of the transaction price as well as the fairness of the transaction conditions under this additional purchase transaction of The One Enterprise's shares from Scenario, the IFA views that the transaction **is appropriate** due to the following reasons:

1. It will increase the opportunity of the Company to earn return from the investment in The One Enterprise at a higher amount according to the increase in its shareholding portion in The One Enterprise (in the event that the operating performance of The One Enterprise is growing as planned). Although the shareholders' equity of The One Enterprise as of December 31, 2016 was a negative THB 126.02 million, the operating performance of The One Enterprise has a potential to rise from the increase in revenue due to the increase in advertising rates and advertising minutes sold by ONE channel after the increase in the rating of ONE channel to no. 4 among all television channels during prime time (6.20 pm – 10.30 pm) and no. 5 during the 24 hours air-time (6.00 am – 12.00 am) compared to no.6 in December 2015 and improved to no.5 during 2016 – present. Additionally, the capital increase from Pranaporn will result in The One Enterprise having higher cash flows and liquidity together with at present, there are many positive factors supporting the growth of digital TV business (including ONE channel) such as the growth in advertising budget via digital TV, the supporting measure of the government by granting an extension of the deadline to make license

- payments and the subsidizing of the satellite uplink costs under the must carry rules, as well as the distribution of subsidy coupons for the purchase of digital TV set-top boxes phase 2 by the NBTC, etc.
2. It will enable the Company to maintain its involvement in managing the business of The One Enterprise Group post capital increase to a similar level before the capital increase of The One Enterprise (the Company held shares in The One Enterprise at 51.00% prior to capital increase).
 3. The purchase price of The One Enterprise's share from Scenario at THB 100.00 per share is appropriate because it is lower than the fair value of The One Enterprise's share evaluated by the IFA using Discounted Cash Flow Approach which are in the range of THB 123.83 – 133.11 per share.
 4. The conditions underlying the transaction are appropriate. They are normal conditions for share sale and purchase agreement that can be agreed upon mutually and voluntarily by both parties. Furthermore, these conditions do not alter the benefits of the Company in anyway. For example, the entering into the transaction will not impact the guarantee obligations that Mr.Takonkiet's Group has agreed with the Company before and/or the alteration of the guarantee obligations following the consideration of the financial institutions. Or the payment condition in which the full amount of share consideration shall be paid in cash to the seller on the date the Company receives the share transfer. Additionally, some conditions are in compliance with the laws or related regulations, and/or to ensure that the share sale and purchase transaction of The One Enterprise's shares between the Company and Scenario does not contradict with the conditions or requirements as stipulated in any contracts and/or agreements that the Company and/or Mr.Takonkiet's Group have with other parties. For example, the transaction requires approval from the shareholders' meeting of the Company prior to executing the transaction.

However, there are **disadvantages and risks** that the shareholders should take into consideration before making the decision to approve the transaction as follows;

- In the event that the performance of The One Enterprise is not as planned, the Company is exposed to the risk of recognizing loss from the investment in The One Enterprise at a higher amount according to the increase in its shareholding portion. This maybe a result of many factors such as a decline in advertising budget due to an economic slowdown, an impact from intense competition within digital TV business both in terms of content quality and advertising rate in order for players to steal advertising budget, an impact from the growth of new media and social media platform, etc.
- In the event that there is a breach of contract with the Bank or the business performance of TV Digital ONE Channel does not go as planned making GMM ONE TV unable to repay the debt to the Bank, the Company has the risk as the Bank may demand the partial or whole payment of GMM ONE TV's debt. This would lower the financial status of the Company. However, as stipulated in the guarantee contract, Mr.Takonkiet's Group agrees to make loan repayment according to its shareholding portion in The One Enterprise to the Company immediately in the event that the Company is called by the financial institutions to repay the loans of GMM ONE TV. Additionally, the Company will obtain capital increase proceed from Pranaporn in the amount of THB 1,905 million which will be used to repay the loans and will be used as working capital for the business. As a result, these factors can alleviate the impact from entering into this transaction at a certain extent.
- The risk associated with the Company incurred all related transaction costs without entering into the transaction because the conditions precedent cannot be completely fulfilled. For example, expenses related to engaging different advisors, convening shareholders' meeting, printing and circulating related documents.

In this regards, when considering the benefits that the Company may obtain from entering into the transaction, the risks that may arise, the appropriateness of the transaction price and conditions as mentioned above, the IFA views that the purchase of The One Enterprise's shares from Scenario is appropriate. Therefore, the shareholders should **approve** the acquisition transaction of the additional shares of The One Enterprise from Scenario.

Section 1 The additional investment in The One Enterprise Company Limited

1.1 Characteristics and details of the transaction

The Board of Directors' meeting of The One Enterprise held on October 25, 2016 resolved to approve the increase in registered capital of The One Enterprise by the amount of THB 1,905.00 million from the existing registered capital of THB 1,905.00 million to a total registered capital of THB 3,810.00 million by issuing new ordinary shares of 19.05 million shares, offering to the existing shareholders of The One Enterprise, at the price of THB 100.00 per share, which equals to the par value of The One Enterprise's ordinary share at present. The capital increase no.1 was carried out on March 31, 2017 at the amount of THB 500.00 million, comprising of 5.00 million ordinary shares, at the par value of THB 100.00, and the offering price of THB 100.00 each. The capital increase no.2 will be carried out on May 31, 2017 at the amount of THB 1,405.00 million, comprising of 14,050,000 ordinary shares, at the par value of THB 100.00, and the offering price of THB 100.00 each. The existing shareholders of The One Enterprise, namely, (1) the Company (2) Mr. Takonkiet (3) Scenario and (4) Wan Tam Dee shall waive the right to purchase all such newly issued ordinary shares of The One Enterprise according to their shareholding percentage. Meanwhile, Pranaporn, the existing shareholders of The One Enterprise, will subscribe for all of the remaining newly issued shares of The One Enterprise after the waiver by the other existing shareholders. The waiver of right to purchase the newly issued ordinary shares of The One Enterprise of the Company and Mr. Takonkiet's Group is in accordance with the conditions stipulated in the Share Sale and Purchase Agreement that has been entered into by the Company and Mr. Takonkiet's Group with Pranaporn on November 30, 2016 (according to the key conditions of the Share Sale and Purchase Agreement, the Company, Scenario, Mr. Takonkiet, and Wan Tam Dee (collectively referred to as "the Seller") shall proceed to increase the registered capital of The One Enterprise by issuing new ordinary shares and the Seller shall waive the right to purchase such newly issued ordinary shares so that Pranaporn can subscribe to such newly issued ordinary shares of The One Enterprise). After the completion of both capital increases of The One Enterprise, the Company will hold 25.50%. However, since Scenario intends to sell its shares held in The One Enterprise in the amount of 2.20 million shares at its par value (which is THB 100.00 per share, equivalent to the subscription price of the newly issued shares of The One Enterprise by Pranaporn in the first and the second capital increase and also equivalent to the subscription price of the newly issued shares by Mr. Takonkiet when the Company waived the rights to subscribe those shares to Mr. Takonkiet in 2015). Therefore, the increase in the shareholding portion of the Company in The One Enterprise (the shareholder of GMM ONE TV Co., Ltd., who is the licensee of the allocated frequencies for national commercial digital television services in Variety Category (High Definition). It engages in the main business of TV program production for broadcasting on digital TV channel, namely ONE channel, that generated approximately 90% of the revenues to The One Enterprise in 2016. Also it holds shares in other subsidiaries which engage in related businesses such as studio leasing for the production of TV series, movies, and for organizing entertainment events, and also the business related to artist management and TV program production services) will enhance the Company's opportunity to earn a return on investment in The One Enterprise at a higher amount according to the increase in its shareholding percentage (in the event that the operating performance of The One Enterprise Group is growing as planned). Therefore, the Board of Directors' meeting of the Company no.4/2017 held on April 17, 2017 has resolved to approve the acquisition of 2.20 million shares of The One Enterprise (representing 5.77% of total issued and paid-up shares of The One Enterprise post capital increase both times) from Scenario at the purchase price of THB 100.00 per share, totaling THB 220.00 million. After the transaction, the Company will hold shares in The One Enterprise at 31.27% (increasing from 25.50% post capital increase no.2). Meanwhile, Mr. Takonkiet's Group will have a shareholding in The One Enterprise post transaction at 18.73% (declining from 24.50% post capital increase no.2). The shareholding structure of The One Enterprise post capital increases and post acquisition of shares by the Company from Scenario are presented in the Executive Summary.

The purchase of The One Enterprise's shares from Scenario will take place after the completion of the capital increase no.2 on May 31, 2017. However, the Company will be able to enter into the transaction after the following conditions precedent have been fulfilled.

- The shareholders' meeting of the Company approves the transaction.

- The One Enterprise obtains the full amount of the subscription proceed for the newly issued shares from Pranaporn at THB 1,905.00 million according to the Subscription Agreement of the Newly Issued Shares of Pranaporn. The second capital increase of The One Enterprise is planned to be on May 31, 2017.
- Must obtain the confirmation in writing from the financial institutions and the Company, Mr.Takonkiet's Group, and Pranaporn have signed the guarantee contract for the liabilities of The One Enterprise Group according to the portion as determined by the financial institutions who provide loans to The One Enterprise, GMM ONE TV, and/or the companies within the group as well as the financial institutions who are the representatives of The One Enterprise's debenture holders and according to the conditions as stipulated in the Subscription Agreement of the Newly Issued Shares by Pranaporn . The process will begin after the completion of the second capital increase by The One Enterprise. (on March 27, 2017, the core financial institution of The One Enterprise Group gave consent for the change in the proportion of loan guarantee obligation among each shareholder of The One Enterprise after the completion of the increase in the registered capital of The One Enterprise on May 31, 2017. Pranaporn, the Company, and Mr.Takonkiet's Group shall be liable for the guarantee of the current loans that The One Enterprise Group have with the core financial institution at 50.00% for all three parties (the guarantee obligation is beyond the shareholding portion of the Company and Mr.Takonkiet's Group in The One Enterprise). Meanwhile, other financial institutions gave consent for the proportion of guarantee obligation to be in accordance with the shareholding portion of each post capital increase by Pranaporn).
- Must obtain the confirmation in writing from the financial institutions, with the content of the confirmation satisfying to the Company; the financial institutions give consent for the change in the shareholding structure of The One Enterprise. The Company and Mr.Takonkiet's Group are preparing to proceed with such matter.

In this regards, based on the information from the interview with the Company's management, after Pranaporn completely paid for the subscription price of the newly issued shares of The One Enterprise under the capital increase no.2 and the Company purchased shares of The One Enterprise from Scenario, Pranaporn, the Company, and Mr.Takonkiet's Group will have their shareholding portions in The One Enterprise at 50.00%, 31.27%, and 18.73%, respectively. After the subscription of the newly issued shares of The One Enterprise by Pranaporn, the Board of Directors of The One Enterprise will comprise 11 directors, which will include 6 directors nominated by Pranaporn and 5 directors nominated by the Company together with Mr.Takonkiet's Group. For the operation of The One Enterprise, the Executive Committee will be appointed and authorized with the management authority. The Executive Committee will comprise 7 executives, which will include 3 executives nominated by Pranaporn and 4 executives nominated by the Company together with Mr.Takonkiet's Group. In this regards, any important operating plans must be approved by the Board of Directors who are nominated by all shareholders such as the preparation of business plan, the approval of budget, etc.

In addition, the management of the Company informed that the Share Sale and Purchase Agreement of The One Enterprise's share dated November 30, 2016 between Pranaporn, the Company, and Mr.Takonkiet's Group states that Pranaporn is not a licensed juristic person and/or any person involved with the spectrum licensee for digital television broadcasting services at a national level in a category of variety HD or news channel prior to the subscription of the newly issued shares of The One Enterprise. Therefore, the subscription of the newly issued shares in The One Enterprise by Pranaporn is not considered according to the Notification of the National Broadcasting and Telecommunications Commission regarding the characteristics and measures to control the business merger, cross shareholding, and the takeover of the broadcasting and telecommunication business dated December 22, 2014 which requires the licensee who intends to merge with the other licensee to request for approval to the NBTC prior to taking actions.

1.1.1 Type and size of the transaction

The acquisition of 2.20 million shares of The One Enterprise from Scenario at the purchase price of THB 100.00 per share, totaling THB 220.00 million is considered as the acquisition transaction under the Notification of the Acquisition or Disposition. Additionally, Scenario, the seller of The One Enterprise's shares to the Company, is considered as the connected person of the Company since Mr. Takonkiet, the major shareholder of Scenario at 52.50% who is the director and the Managing Director of Scenario, is also the management of the Company (the first 4 persons in the management level next to the highest management) and Miss Boosaba Daorueng,

The opinions of IFA on the acquisition of asset and the connected transaction
(For the purpose of translation only)

Vice Chairman of GRAMMY's Board of Director and Chairman of the Group Executive Committee of GRAMMY is also the direct of Scenario. Therefore, the transaction is also considered as the connected transaction under Notifications on Connected Transactions. In this regards, the calculation of the transaction size for both the acquisition transaction and the connected transaction is based on the consolidated financial statements of the Company for the year ended December 31, 2016. Details of the transaction size calculation are as follows;

Calculation of acquisition transaction size

Basis	Calculation	Transaction size
Net tangible assets (NTA)	$\frac{(\% \text{ acquired} \times \text{the target's net tangible assets}) \times 100}{\text{The Company's net tangible assets}}$	Not applicable as The One Enterprise has a negative NTA
Net profit	$\frac{(\% \text{ acquired} \times \text{the target's net profit from operation} \times 100)}{\text{The Company's net profit from operation}}$	Not applicable as The One Enterprise has a net loss
Total consideration value	$\frac{\text{Total consideration value} \times 100}{\text{The Company's total assets}}$	3.04%
Value of issued securities	$\frac{\text{Issuing securities as consideration} \times 100}{\text{The Company's total paid-up shares}}$	Not applicable as there is no issuing securities

Calculation of connected transaction size

Connected transaction size = Value of consideration / NTA of GRAMMY
= 220.00 / 759.89 = 28.95%

Remark: NTA of GRAMMY = Total assets – Goodwill – Net deferred tax assets – Other intangible assets* – Total liabilities – Non-controlling interests of the subsidiaries
= 7,248.59 – 0 – 486.47 – 55.81 – 5,780.15 – 166.27
= THB 759.89 million

NTA of The One Enterprise = Total assets – Goodwill – Net deferred tax assets – Other intangible assets* – Total liabilities – Non-controlling interests of the subsidiaries
= 5,478.35 – 0 – 507.38 – 2.31 – 5,604.37 – 0
= THB -635.71 million

* the calculation of NTA exclude the deduction of intangible assets that are copyrights namely copyrights to musical compositions, program rights, film and cartoon copyrights, games licenses and other rights (GRAMMY's intangible assets totaling THB 628.50 million and The One Enterprise's intangible assets totaling THB 351.91 million) since those are intangible assets that generate main sources of revenue to the company.

The acquisition of The One Enterprise's shares from Scenario is considered as the acquisition transaction with the transaction size of 3.04%. Additionally, the transaction is considered as the connected transaction with the transaction size of 28.95%, which is greater than 3.00% of the Company's NTA. Therefore, the Company is obliged to disclose the information about the transaction to the SET and to seek approval from the shareholders' meeting with the votes of not less than three fourths of the total votes of the shareholders attending the meeting and having the rights to vote, excluding the votes of the interested shareholders. The interested shareholders who do not have the rights to vote are presented in the following table.

**The list of interested shareholders who do not have the rights to vote
on the acquisition transaction of The One Enterprise's shares from Scenario**

Name	Shares held in GRAMMY		Relationship with the counterparties of the transaction
	No. of shares	%	
1. Mr. Takonkiet Viravan	6,930,856	0.85	A major shareholder of Scenario at 52.50% who is director and the management of Scenario
2. Miss Boosaba Daorueng	1,150,120	0.14	Director of Scenario
3. Mr. Santisuk Jongmunkong	600,120	0.07	The spouse of Miss Boosaba Daorueng
4. Mrs. Somsri Pruttipan	110,000	0.01	Director and management of Scenario
5. Mrs. Rosanaporn Viravan	51,920	0.01	Sister of Mr. Takonkiet Viravan

Remark : The Company's shareholding information as of March 15, 2017

1.1.2 Relevant parties and key conditions of agreement

(1) Summary of the key conditions under the Memorandum of Understanding for the share sale and purchase transaction of The One Enterprise between the Company and Mr.Takonkiet's Group

Contract parties	:	<ul style="list-style-type: none"> GMM Grammy Public Company Limited ("the Company" or "the Buyer") Mr.Takonkiet's Group ("the Seller") which comprises of Mr.Takonkiet Viravan, Scenario Co., Ltd, and Wan Tam Dee Co., Ltd.
Relationship with the Company	:	<ul style="list-style-type: none"> Mr.Takonkiet is the management of the Company (within the first 4 persons in the management level next to the highest management) and also the shareholder of the Company at 0.85% (shareholding information as of March 15, 2017). Mr.Takonkiet holds shares in Scenario at 52.50% (shareholding information as of April 30, 2017) and is the authorized director of Scenario.
Contract signing date	:	5 April 2017
Key terms and conditions		
Share purchase and sale/ transaction price	:	The Company agrees to purchase the shares from Mr.Takonkiet's Group and Mr.Takonkiet's Group agrees to sell the shares of The One Enterprise held by Scenario to the Company, in the amount of 2.20 million shares, at the purchase price of THB 100.00 per share, totaling THB 220.00 million. When the share purchase and sale transaction is completed, Pranaporn, the Company, and Mr.Takonkiet's Group will hold shares in The One Enterprise at 50.00%, 31.27%, and 18.73% of the registered capital of The One Enterprise, respectively.
Conditions precedent	:	<p>Except the case where the waiver letter is obtained from the party who has the right to grant the waiver, the share sale and purchase between the counterparties can be transacted after the conditions precedent are completely fulfilled as follows;</p> <ul style="list-style-type: none"> The Buyer must obtain the approval for the purchase of The One Enterprise's shares from the Board of Directors and the shareholder's meeting. The counterparties obtain a consent letter from and/or entered into agreements or amendments of agreements with and/or obtain any other documents from Pranaporn in accordance with the conditions that the Company and Mr.Takonkiet's Group have signed under the Subscription Agreement of the Newly Issued Shares by Pranaporn. This includes but not limited to the agreement to certify the shareholding portion and the shareholding structure of The One Enterprise as well as the condition regarding the Right of First Refusal which states that share sale shall be proposed to the existing shareholders first on a pro rata basis,etc. (on April 10, 2017, Pranaporn provided consent letters to the Company and Mr.Takonkiet's Group). The One Enterprise obtains the full amount of the subscription proceed for the newly issued shares from Pranaporn at THB 1,905.00 million. (the second capital increase of The One Enterprise is planned to be on May 31, 2017). Must obtain the confirmation in writing from financial institutions and the Company, Mr.Takonkiet's Group, and Pranaporn signed the guarantee contract for the liabilities of The One Enterprise Group according to the portion as determined by the financial institutions who provide loans and the financial institutions who are the representatives of The One Enterprise's debenture holders and according to the conditions as stipulated in the Subscription Agreement of the Newly Issued Shares by Pranaporn (the process will begin after the completion of the second capital increase by The One Enterprise

		<p>However, on March 27, 2017, the core financial institution of The One Enterprise Group gave consent for the change in the proportion of loan guarantee obligation among each shareholder of The One Enterprise after the completion of the increase in the registered capital of The One Enterprise on May 31, 2017. Pranaporn, the Company, and Mr.Takonkiet's Group shall be liable for the guarantee of the current loans that The One Enterprise Group have with the core financial institution at 50.00% for all three parties. Meanwhile, other financial institutions gave consent for the proportion of guarantee obligation to be in accordance with the shareholding portion of each post capital increase by Pranaporn).</p> <ul style="list-style-type: none"> ○ The counterparties must obtain the confirmation in writing from financial institutions to give consent for the change in the shareholding structure of The One Enterprise according to this Memorandum of Understanding (the Company and Mr.Takonkiet's Group are preparing to proceed with such matter).
The Share Sale and Purchase Agreement and the settlement	:	When the counterparties completely fulfilled the conditions precedent, the Company agrees to enter into the Share Sale and Purchase Agreement and make a payment for the purchased shares to Mr.Takonkiet's Group within 15 days from the date the conditions precedent are completely fulfilled.
Share transfer	:	After the Company makes the payment for the shares to Scenario, Mr.Takonkiet's Group will arrange the share transfer documents and transfer the share certificates held by Scenario with the endorsement to the Company, as well as record the share transfer into the share register book on the settlement date of the payment.
The guarantee obligations and debt obligations	:	<ul style="list-style-type: none"> ○ The Company and Mr.Takonkiet's Group agree that the share sale and purchase transaction according to this Memorandum of Understanding as well as the subscription of the newly issued shares of Pranaporn in The One Enterprise, will not affect the guarantee obligations that Mr.Takonkiet's Group has agreed with the Company before. Mr.Takonkiet's Group is still jointly liable for the guarantee obligations and debt obligations of The One Enterprise Group to the financial institutions beyond 50% of the registered capital of The One Enterprise according to the shareholding portion of each party in The One Enterprise and/or the guaranteed portion approved by the financial institutions and agreed by the Company. ○ In reference to the agreement by Mr.Takonkiet's Group as stipulated in the Shareholders' Agreement of The One Enterprise dated March 26, 2015, in the event that Mr.Takonkiet's Group is unable to jointly guarantee the liabilities of The One Enterprise Group to the financial institutions and/or changing the collateral and/or reducing the guarantee portion of the Company due to whatever reasons, which includes the event where the financial institutions approve the Company to have a guarantee portion for the liabilities of The One Enterprise Group above the Company's shareholding portion in The One Enterprise, Mr.Takonkiet's Group and/or Mr.Takonkiet agree to guarantee such guarantee obligations that the Company has for The One Enterprise Group according to the shareholding portion of Mr.Takonkiet's Group in The One Enterprise, to the Company. Mr.Takonkiet's Group agrees to remain liable for the guarantee obligations as before. Mr.Takonkiet's Group also agrees to enter into the guarantee contract for the Company's guarantee obligations according the change in shareholding percentage <p><u>Remark</u> * On the opposite side, the Company has entered into the guarantee contract on Mr.Takonkiet's Group's guarantee obligations for The</p>

		One Enterprise according to the shareholding percentage in The One Enterprise as well. After the Company purchases The One Enterprise's shares from Scenario, the Company will enter into the new guarantee contract on Mr.Takonkiet's Group's Guarantee obligations in accordance with the new shareholding percentage of each party.
Breach of contract and termination	:	<p>The counterparties agree that this Memorandum of Understanding shall be terminated following these events.</p> <ul style="list-style-type: none"> ○ The counterparties agree to terminate this Memorandum of Understanding in writing. In this event, each party shall not be able to demand any damages. ○ The conditions precedent are not completely fulfilled. In this event, each party shall not be able to demand any damages. ○ In the event that one of the party breaches the clause in this agreement, the other party has the right to demand the breach party to take a corrective action within 30 days from the notifying date. In the event that any corrective actions according to this Memorandum of Understanding have not been performed within such required period, the non-breach party has the right to terminate the agreement and immediately demand any damages on an actual basis from the breach party.

(2) Summary of the key conditions under the Share Sale and Purchase Agreement of The One Enterprise's shares between the Company Mr.Takonkiet's Group and Pranaporn

Contractual parties	:	<p><u>Seller</u> comprises of</p> <ol style="list-style-type: none"> (1) GMM Grammy Public Company Limited (2) Mr. Takonkiet Viravan (3) Scenario Co., Ltd. (4) Wan Tam Dee Co., Ltd. <p>Mr. Takonkiet, Scenario, and Wan Tam Dee are collectively referred to as "Mr. Takonkiet's Group", and the Company and Mr. Takonkiet's Group are collectively referred to as "the Seller".</p> <p><u>Buyer</u> : Pranaporn Co., Ltd. ("the Buyer"). The Buyer is a juristic person, having Miss Poramaporn Prasarttong-Osoth as a major shareholder holding 99.98% of total paid-up shares.</p>
Agreement date	:	November 30, 2016
Purpose of the agreement	:	The Buyer intends to purchase the newly issued shares of The One Enterprise in order to acquire 50% of the registered shares of The One Enterprise after the increase of registered capital. The Buyer is not a licensed juristic person and/or any person involved with the spectrum licensee and licensee for digital television broadcasting services at a national level whereby all parties are required to obtain approval from the National Broadcasting and Telecommunications Commission.
Key terms and conditions		
Purchase and sale of the newly issued shares and the price of the shares	:	<ul style="list-style-type: none"> ○ <u>Subscription for the first lot of newly issued shares of The One Enterprise</u> : By February 28, 2017, the Seller shall convene its shareholders' meeting in order to seek approval for the first capital increase of The One Enterprise, and the Seller shall waive the right to purchase all such newly issued ordinary shares. On February 28, 2017, upon the satisfaction of the conditions precedent specified in the agreement by the Seller, the Buyer shall subscribe for the first lot of newly issued shares of The One Enterprise amounting to 5,000,000 shares, which is equivalent to 20.79% of the total shares in The One Enterprise after the first capital increase at the price of THB 100 per share, whereby the Buyer shall pay 100% of the value of the shares thus subscribed for, totaling THB 500.00 million.

		<ul style="list-style-type: none"> ○ <u>Subscription for the second lot of newly issued shares of The One Enterprise</u> : By May 31, 2017, the Seller shall convene its shareholders' meeting in order to seek approval for the second capital increase of The One Enterprise, and the Seller shall waive the right to purchase all such newly issued ordinary shares. On May 31, 2017, upon the satisfaction of the conditions precedent specified in the agreement by the Seller, the Buyer shall: (1) subscribe for the second lot of newly issued shares of The One Enterprise amounting to 14,050,000 shares, which is equivalent to 36.88% of the total shares in The One Enterprise after the second capital increase at the price of THB 100 per share, whereby the Buyer shall pay 100.00% of the value of the shares thus subscribed for, totaling THB 1,405.00 million; and (2) jointly place a guarantee in favor of the financial institution as specified in the Share Sale and Purchase Agreement.
Provision of guarantee	:	After the execution of the Share Sale and Purchase Agreement, the parties shall perform to have Pranaporn jointly be liable for the guarantee obligations and debts of The One Enterprise Group to the financial institution proportionate to the shareholdings in The One Enterprise by February 28, 2017.
Key conditions	:	The obligation of the parties on the subscription for the first lot of newly issued shares and the subscription for the second lot of newly issued shares depends on the conditions precedent specified by the Share Sale and Purchase Agreement which include, but not limited to the alteration of the guarantee obligations proportionate to the shareholdings in The One Enterprise.
Termination of Agreement		<ul style="list-style-type: none"> ○ Upon mutual agreement in writing between the parties. ○ In the case such party recognize that the other party is in breach of the key conditions of the agreement and such other party does not fix the breach of the key conditions within the specified period or there are regulations or rules of government authorities resulting that any of the parties cannot perform according to the conditions specified in the agreement. ○ In the case such party recognize that the other party cannot complete the conditions precedent specified in the agreement, unless the other party provides the consent or waiver on such conditions precedent in writing.

Source : Information notified to the SET by the Company on November 30, 2016

1.1.3 Value of the acquired assets, basis used to determine the value of consideration, and sources of funds to finance the transaction

The 2.20 million ordinary shares of The One Enterprise at the par value of THB 100.00 per share is equivalent to 5.77% total issued and paid-up shares of The One Enterprise after both capital increases to Pranaporn. The Company will acquire these additional shares from Scenario at THB 100.00 per share, totaling THB 220.00 million. The entire amount of share consideration will be paid in cash to Scenario on the date Scenario transfers such shares to the Company, which is expected to occur within 2017 after all of the conditions precedent are fulfilled (details of the conditions precedent appear in Item 1.1 of this report).

The purchase price of The One Enterprise's shares under this transaction is the same as the offering price of the newly issued shares of The One Enterprise to Pranaporn and also equivalent to the par value of The One Enterprise's shares at present as well as equivalent to the subscription price of the newly issued shares by Mr.Takonkiet when the Company waived the rights to subscribe those shares to Mr.Takonkiet in 2015).The source of funding for the transaction will be cash flows from operation of the Company's Group (as of December 31, 2016, cash flows from operation of the Company's Group was THB 868.82 million and temporary investments was THB 250.65 million, which were adequate to pay for The One Enterprise's shares

to Scenario). The management of The Company views that the use of the Company's Group cash flows as a source of fund for the purchase of The One Enterprise's shares from Scenario will not impact the liquidity for the business operation of The Company's Group.

1.1.4 Information of the Assets

General information of The One Enterprise in which the Company will acquire shares are presented in Enclosure 2 of this report.

1.2 Reasonableness of the transaction

1.2.1 Objective and benefit of the transaction

The Company intends to invest in the additional 2.20 million shares of The One Enterprise or equivalent to 5.77% of total issued and paid-up shares of The One Enterprise after the increase of capital to THB 3,810.00 million. The transaction will give the Company an opportunity to earn a higher amount of return on investment in The One Enterprise according to the increase in its shareholding portion (in the event that the operating performance of The One Enterprise is growing as planned).

1.2.2 Advantages and disadvantages of entering into the transaction

▪ Advantages and disadvantages of entering into the transaction

Advantages of entering into the transaction

1. Enhance the opportunity to earn a return on investment in The One Enterprise Group according to the higher shareholding portion

The increase in shareholding portion of the Company in The One Enterprise, who owns 100.00% stakes in GMM ONE TV, a company engaging in the production of television programs and the broadcasting of content via digital TV platform, namely, "ONE channel", as well as other subsidiaries engaging in related businesses (such as artist management and studio leasing), is a way to increase the Company's exposure to digital TV business, which is currently the core business of the Company's Group (apart from the music business, which is another core business of the Company's Group). Recently (from 2014 when ONE channel was air for the first time in April until 2016), The One Enterprise Group still incurred operating losses and had a negative shareholders' equity of THB 126.02 million as of December 31, 2016 because it was still in the initial phase of the business with a high burden of costs and/or expenses, including the costs and/or expenses related to the licenses to use allocated frequencies for national commercial digital television services in Variety Category (High Definition) ("License in Variety HD") as well as the costs and/or expenses related to the production, the procurement, and the broadcasting of high quality content in order to make ONE channel become well-known among viewers, to increase regular viewership base, and to have a good channel rating. Meanwhile, the overall advertising revenue of digital TV channels (including ONE channel but excluding other digital channels that formerly were analog channels) did not grow at the expected level of digital TV operators due to a slow recovery of domestic economy as well as other factors within the television business such as the delay of digital TV network expansion by the infrastructure provider, the behavior of the majority of households, who still remain with the former analog channels, the intense competition between the operators of different types of television channels (i.e. former analog channels, digital channels, satellite channels, and cable channels). However, The One Enterprise has continuously adjusted its business plan as well as program schedule to suit the competitive landscape. As a result, during 2014 – 2016, although total revenue of The One Enterprise continuously increased from THB 120.12 million in 2014 (the commencement year of digital TV business in April) to THB 1,121.00 million and THB 1,766.69 million in 2015 – 2016, respectively, the high burden of costs and/or expenses as well as the obstacles and the limitations in operating digital TV business as mentioned above caused The One Enterprise Group to incur net losses during 2014 – 2016, which were THB 442.74 million, THB 926.95 million, and THB 636.70 million, respectively. In 2016, net losses declined from 2015 by THB 290.25 million or 31.31%.

The rating of ONE channel increased from December 2015 at no.6 to no.5 in 2016 to present. As a result, the operating performance ONE channel has a potential to rise from the increase in revenues due to the increase in advertising rates and advertising minutes sold by ONE channel. This is a result of the improved rating of ONE channel as mentioned above. In 2015 – 2016, the occupancy rate of ONE channel were 49% and 52%, respectively. Meanwhile, the growth rate of average advertising rates in 2016 was approximately 44% compared to 2015 (details of the advertising revenue of ONE channel in 2015 – 2016 and the projected advertising revenue of ONE channel in 2017 – 2029, throughout the maturity period of the spectrum license, prepared by the IFA are presented in Section 1 Item 1.3.1 Discounted Cash Flow Approach of this report).

However, there seems to be an upward trend in revenue and rating of the overall digital TV business, continuing from its actual recent growth. This is reflected by the continuous increase in the proportion of advertising budget through digital TV in comparison with other medias, which had been declining. Moreover, there are supporting factors from the government and related agencies that will help improving the financial liquidity, revenue generating capability, and competitiveness of digital TV operators (including The One Enterprise Group) in the future. Therefore, the additional investment in The One Enterprise will enhance the Company's opportunity to earn a return on investment in digital TV business as well as other related businesses of The One Enterprise Group according to the Company's increasing shareholding portion (in the event that the operating performance of The One Enterprise Group is growing as planned). The supporting factors for the growth of digital TV business and ONE channel are as follows;

- Continuous increase in advertising budget via Digital TV : based on the market research data prepared by AGB Nielsen Media Research (Thailand) Limited ("Nielsen") and assembled by Advertising Association of Thailand, the value of advertising budget through digital TV (excluding the former analog channels) for 2016 (all TV media did not broadcast normally in the last quarter of 2016 due to a special event) was THB 20,393 million, accounted for 18.90% of total advertising budget. This 2016 figure is comparable to the figure in 2015 which was THB 20,931 million, accounted for 17.13% of total advertising budget. Meanwhile, the value of advertising budget through analog TV and satellite and cable TV in 2016 were THB 47,121 million and THB 3,495 million, respectively. These figures declined from 2015 figures by 17.92% and 42.28%, respectively. During January – February 2017, the value of advertising budget through digital TV (excluding former analog channels) increased by 6.79% to THB 3,335 million, comparing to the same period of 2015. Meanwhile, the value of advertising budget through analog TV and satellite and cable TV declined by 17.92% and 42.28%, respectively. The value advertising budget through analog TV and satellite and cable TV has continuously declined due to the re-allocation of some portions of the budget to digital media. The continuous increase in advertising budget through digital media has driven the growth in advertising rate of high rating channels. According to the latest rating of television channels in March 2017 prepared by Nielsen, the ratings of ONE channel for the primetime (6.20 pm – 10.30 pm) and for the 24-hour air time (6.00 am – 12.00 am) are no.4 and no.5, respectively. The surveys are conducted among the households in Thailand, Bangkok, Bangkok's vicinity, and outside of Bangkok. The leading channels are channel 7, channel 3 (HD), WORKPOINT channel, and MONO channel (no.1 – 4 ratings varied with the locations surveyed). Details about the advertising industry and the rating of television channels appear in Enclosure 1 Item 6 of this report.

According to the documents received from the Company, the business plan to drive revenue growth and the rating of ONE channel in 2017 as well as to achieve the financial projection of The One Enterprise Group in the future (in which the IFA views as reasonable and the IFA relies on such information to determine the assumptions for the projection of revenues of ONE channel) is to focus on the content strategy such as;

- Develop new content from the high rating television programs in order to sustain a regular viewership base such as the content of "Suk Wan Duan Pleng" is used to create "Suk Wan Duan Pleng Ngern Larn" and "Suk Wan Duan Pleng Dek", etc.

- Create and develop new and interesting television programs with high quality including drama, situation comedy (Sit-com), game show e.g. “Duet Challenger”, “Top Chef Thailand”, “Game Maya”, “Bangrak Soi 9/1”, etc.
- Expand viewership base by adding new television programs that can satisfy the need and/or attract new viewers such as family and kids, men, and viewers outside of Bangkok. Additionally, the program schedule will be arranged so that it suits viewing behaviour of each target group.
- An extension of the deadline to make digital TV license payments and a subsidizing of the satellite uplink costs: according to the order of the chief of the National Council for Peace and Order (“NCPO”) no.76/2016 regarding the measures to support the operations of broadcasting, television, and telecommunication businesses for public interests dated December 20, 2016. In the event that the digital TV licensee is unable to pay the license fee according to the previous schedule in reference to the Notification of the NBTC regarding the rules, procedures, and conditions for the auction of the spectrum to provide digital television services at national level B.E. 2556. The licensee shall notify in writing to the NBTC in advance. The NBTC will consider such notification and may approve the licensee to make payment according to the new order of the NBTC as appropriate. In this regards, the NBTC states that the payment for the remaining minimum bid price at 10% shall be divided into 2 installments. Meanwhile, the remaining amount exceeding the minimum bid price at 60% shall be divided into 6 installments. All of which shall be paid together with the payment of interests based on the policy rate as determined by the Monetary Policy Committee of The Bank of Thailand as of the payment date, calculating from the due date under the previous schedule. GMM ONE TV (a subsidiary of The One Enterprise and the licensee of spectrum license to operate a variety HD channel, namely, ONE channel) sent the notifying to the NBTC in writing aiming to benefit from the improved financial liquidity after this extension and has already obtained approval from the NBTC (details of the extended payment schedule for digital TV license of GMM ONE TV are presented in Section 1 Item 1.3.1 Discounted Cash Flow Approach of this report).

Additionally, the order of the NCPO also states that the NBTC or the executive committee of the Research and Development of Broadcasting and Telecommunications Fund for Public Interest (as the case maybe) shall arrange for the subsidy to support the satellite uplink costs for all digital TV stations according to the notification of the NBTC regarding the must carry rules for the next 3 years. According to the information from Post Today newspaper website on January 19, 2017 which is publicly disclosed, the meeting of the NBTC approved the subsidy of THB 2,300 million for the next 3 years from December 20, 2016 – December 19, 2019. However, the licensee must preliminary make the payment for the uplink costs. Then, the licensee can reimburse such costs from the NBTC after the NBTC has completed the discussion with all of the licensees to conclude the amount of costs that will be incurred in the next 3 years. GMM ONE TV is currently under the process of preparing letter to the NBTC.

- The distribution of subsidy coupons for the purchase of digital TV set-top boxes phase 2 by the NBTC: in February 2017, the NBTC distributed 3.99 million subsidy coupons for the purchase of digital TV set-top boxes phase 2 to households that have not received the subsidy coupons during the distribution in phase 1 (phase 1 included the distribution of 13.57 million subsidy coupons of which 8.78 million subsidy coupons were redeem, accounted for 64.70% of total phase 1 coupons). Households who received the phase 2 coupons can redeem the coupons from 2 March - 2 September 2017. The coupon holders have the choices to redeem or to get a discount to buy digital TV set-top boxes. This will increase the access of households to digital TV channels and thus benefit the growth opportunity of digital TV business.

Additionally, after the increase in registered capital of The One Enterprise from THB 1,950.00 million to THB 3,810.00 million which is expected in May 2017 and is the condition precedent to this transaction, The One Enterprise will have cash flows for mature debt repayment and also financial liquidity for its business as well as working capital for the operation of ONE channel, under GMM ONE TV, until it can

achieve its business objectives, including the expanding of regular viewership base, the increase in channel rating, and the increase in advertising rates for every air time. As a result, the operating performance of The One Enterprise could be improved and turning positive in the future. Then, the Company could recognize the share of profits from The One Enterprise into its consolidated financial statements at a greater amount comparing to the case where the Company does not acquire additional shares of The One Enterprise from Scenario (if the Company purchases The One Enterprise's shares from Scenario, the Company will have its shareholding portion in The One Enterprise of 31.27%, increased from 25.50% post capital increases of The One Enterprise).

2. Enable the Company to increase its shareholding portion in The One Enterprise to maintain its involvement in managing the business of The One Enterprise Group post capital increase

The additional purchase of The One Enterprise's shares of the Company from Scenario will result in the Company holding shares in The One Enterprise at 31.27% (compared to 25.50% post capital increases of The One Enterprise and the Company did not purchase The One Enterprise's shares from Scenario) will enable the Company to maintain its involvement in setting business policy and managing the business of The One Enterprise Group at a similar level before the capital increase (the Company held shares in The One Enterprise at 51.00% before the capital increase).

Disadvantages and risks associated with the transaction

1. In the event that the performance of The One Enterprise is not as planned, the Company is exposed to the risk of recognizing loss from the investment in The One Enterprise at a higher amount according to the increase in its shareholding portion.

In the event that the operating performance of The One Enterprise, especially from ONE channel, a digital TV channel operated by GMM ONE TV, is not as planned due to many different factors such as;

- The slowdown of domestic economy, which may result in a cut down of overall marketing and PR budget by manufacturers of goods and/or providers of services. Or advertising budget through television media may be cut down and re-allocate to other types of media with lower advertising rates while having the same ability to reach target customers as well.
- The intense competition within digital TV business both in terms of content quality and advertising rates in order for players to steal advertising budget. This may impact the rating and/or advertising rates of ONE channel in the future as well.
- The behavior of viewers which lean towards using new media and social media platforms. This may result in the re-allocation of advertising budget by manufacturers of goods and/or providers of services into these new medias instead of staying in the traditional media (such as television, publishing, radio, etc.).

With the above mentioned factors, the operating performance of GMM ONE TV, which is the main source of revenue for The One Enterprise Group, might not be as planned. As a result, The One Enterprise Group might continue to incur net losses, which will affect the Company's consolidated operating performance after recognizing the share of losses from the investment post transaction. In this regards, during 2015 – 2016, The One Enterprise incurred net losses of THB 926.95 million and THB 636.70 million, respectively. The Company recorded a share of losses from the investment in joint venture of THB 346.87 million and THB 353.13 million, respectively. The value of the investment in joint venture at book value using equity method shown in the consolidated financial statements of the Company was THB 263.23 million as of December 31, 2016.

2. Risk associated with the Company as the loan guarantor might be called to repay the loans of GMM ONE TV

The core financial institutions of The One Enterprise Group has given consent for the change in the proportion of guarantee obligation for the current loans among each shareholder of The One Enterprise post increase in registered capital of The One Enterprise. In this regards, Prananporn, the Company, and Mr.Takonkiet's Group will guarantee the loans that the One Enterprise Group has with the core financial institution at present at 50% for all three parties. As a result, the guarantee obligations of the Company and Mr.Takonkiet's Group decline from 100.00% for two parties to 50.00%. However, the Company is still exposed to the risk in the event that The One Enterprise has a breach of contract with the Bank or the business performance of TV Digital ONE Channel does not go

as planned, resulting in GMM ONE TV unable to repay the debt to the Bank, the Company has the risk as the Bank may demand the partial or whole payment of GMM ONE TV's debt. This would lower the financial status of the Company. However, as stipulated in the guarantee contract, Mr.Takonkiet's Group agrees to make loan repayment according to its shareholding portion in The One Enterprise to the Company immediately in the event that the Company is called by the financial institutions to repay the loans of GMM ONE TV. Additionally, the Company will obtain capital increase proceed from Pranaporn in the amount of THB 1,905 million which will be used to repay the loans and will be used as working capital for the business. As a result, these factors can alleviate the impact from entering into this transaction at a certain extent.

3. The risk associated with unfulfilled conditions precedent

In the event that the counterparties of the transaction and/or related parties cannot proceed to fulfill the conditions precedent. For example, the shareholders' meeting of the Company does not approve the transaction or the inability to sign the guarantee obligations with the financial institution, etc. (details of the conditions precedent of the transaction appear in Item 1.1 of this report). In such events, the Company will not be able to enter into the transaction. As a result, all of the related transaction costs which had been incurred will be considered as sunk costs such as expenses related to engaging different advisors, convening shareholders' meeting, printing and circulating documents, etc.

1.2.3 Comparison of the advantages and disadvantages between entering into the transaction with connected person and outside person

The IFA is unable to compare the advantages and disadvantages between entering into the transaction with Scenario and the outside person. This is because prior to the capital increase of The One Enterprise, the two major shareholder in The One Enterprise was the Company, holding 51.00%, and the remaining 49% was held by Scenario at 34.83%, Mr.Takonkiet at 7.87%, and Wan Tam Dee at 6.30%, all of which is the same group of person (Mr.Takonkiet's Group). Post capital increase of The One Enterprise, Pranaporn, who is the major shareholder of The One Enterprise at 50.00%, does not intend to decrease its shareholding portion. Meanwhile, Scenario intends to sell its shareholdings in The One Enterprise. As a result, the Company will enter into this transaction with Scenario, which is the connected person with the Company. However, the purchase price of shares from Scenario is the same as the subscription price of The One Enterprise's newly issued shares by Pranaporn, who is not a connected person with the Company and The One Enterprise and also equivalent to the subscription price of the newly issued shares by Mr.Takonkiet when the Company waived the rights to subscribe those shares to Mr.Takonkiet in 2015.

1.3 Fairness of the transaction price and conditions

1.3.1 Fairness of the transaction price

To assess the fairness of the transaction price, the IFA performs the share valuation of The One Enterprise using the approaches as follows:

- 1) Book Value Approach
- 2) Adjusted Book Value Approach
- 3) Discounted Cash Flow Approach

The IFA did not perform the share valuation using other approaches such as Price to Book Value Ratio Approach and Price to Earnings Ratio Approach because as of December 31, 2016, The One Enterprise had a negative shareholders' equity of THB 126.02 million and net losses in 2016 of THB 636.70 million. Details of the valuation using each approaches are as follows;

1. Book Value Approach

The Book Value Approach evaluates the value of shareholders' equity at a certain point in time as shown in the financial statements. In this case, the IFA used The One Enterprise's audited financial statements for the year ended December 31, 2016, which is the date prior to the capital increase by Pranaporn. The details are shown below.

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Book value approach as of December 31, 2016

	THB million
Issued and paid-up share capital	1,905.00
Retained losses	(2,031.02)
Total shareholders' equity	(126.02)
No. of paid-up shares (million) – par value at THB 100.00 each	19.05
Book value per share (THB per share)	(6.62)

According to the above Table, **the fair value of The One Enterprise's shares based on the Book Value Approach is THB -6.62 per share**

2. Adjusted Book Value Approach

This valuation approach considers the book value from the audited financial statements for the year ended December 31, 2016, then adjusting with an increase (decrease) in value of certain assets that have been re-appraised or other items that may affect the value of assets and liabilities beyond the date of such financial statements in order to reflect the most current values. The IFA has taken into consideration the major items below;

Assets

- Cost of spectrum license of the allocated frequencies for national commercial digital television services in Variety Category (High Definition) held by GMM ONE TV which had the book value of THB 2,422.15 million, representing 44.21% of total assets and other intangible assets which had the book value of THB 354.22 million, representing 6.47% of total assets. The majority of other intangible assets were copyrights for TV program.
- Deferred tax assets of THB 507.38 million, representing 9.26% of total assets.
The management of The One Enterprise believes that the business will grow and achieve its objective, business plan, and financial projection. As a result, it can utilize tax benefits. And also it is not necessary to impair the cost of spectrum license for digital TV services, copyrights for TV program, and this amount of deferred tax assets.
- Property, plant, and equipment of THB 670.82 million, representing 12.24% of total assets. Some of these assets are currently being re-appraised by the independent asset appraiser with non-public purpose. Therefore, to take into account the possible change in the value of these assets, the IFA took into consideration the possible change in the land value based on the currently disclosed governmental price and the land appraisal price that the management obtained from the independent asset appraiser as preliminary basis. However, the governmental price may not appropriately reflect the market value of land for purchase and sale. Details of the valuation are presented below.
- Other remaining assets are mainly working capital used in the business operation namely trade and other receivables, inventories, cash and cash equivalents. The IFA views that the value of these assets will not be significantly different from the values as appeared in the financial statements.

Liabilities

Considering the notes to financial statements of The One Enterprise, the information regarding the contingent liabilities unrelated to the normal business operation does not appear such as litigation case that are binding to the company and may significantly affect the financial status.

Details of the adjusted book value of the land under The One Enterprise Group are presented as follows;

Details of land	Area (sq.wah)	Governmental price		Appraisal price by independent appraiser*	
		THB/sq.wah	Total value (THB mill)	THB/sq.wah	Total value (THB mill)
1. Land title deed no. 1794 with a total area of 33-0-64 rais owned by ACT Studio and is currently locating studio building	13,264	7,100	94.17	9,000	119.38
2. Land title deed no. 1806, 1807, 2049, 55967, 86712-86714 and 83864, in total of 8	12,248	2,000	24.50	6,500	79.61

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Details of land	Area (sq.wah)	Governmental price		Appraisal price by independent appraiser*	
		THB/sq.wah	Total value (THB mill)	THB/sq.wah	Total value (THB mill)
deeds, with a total area of 30-2-48 rais, owned by ACT Studio and is currently unused.					
Total	25,512		118.67		198.99
Market value of land				118.67 – 198.99	
Book value of land as of December 31, 2016 (THB million)				147.02	
Difference between appraisal value and book value (THB million)				(28.35) – 51.97	

Remark * The appraisal price is the price that the management of The One Enterprise obtained from the independent asset appraiser who is currently under the process of preparing the asset appraisal report for ACT Studio, a subsidiary of The One Enterprise. The appraisal is for non-public purpose.

Share Valuation using Adjusted Book Value Approach as December 31, 2016

	THB million
Total shareholders' equity	(126.02)
<u>Adjust</u> Difference from the appraisal value of land	(28.35) – 51.97
Adjusted book value of shareholders' equity	(154.37) – (74.05)
No. of paid-up shares (million) – par value at THB 100.00 each	19.05
Adjusted book value per share (THB per share)	(8.10) – (3.89)

According to the above table, the governmental price of land was THB 118.67 million, which is lower than the book value of land as of December 31, 2016 at THB 147.02 million by THB 28.35 million. Meanwhile, the appraisal price that the management of The One Enterprise obtained from the independent asset appraiser was THB 198.99 million, which is higher than the book value of land by THB 51.97 million. As a result, the share price according to the Adjusted Book Value Approach is in the range of a negative THB -8.10 to a negative THB -3.89 per share. However, the normal approach in using the market value of land for calculating the Adjusted Book Value Approach by the IFA is to rely on the market value of land appraised by the independent asset appraisers approved by the SEC having the public purpose. Given that the company is in the process of asset appraisal, the IFA thus relied on the governmental price and the appraisal price obtained by the management as preliminary basis. However, the IFA views that the governmental price and the appraisal price by the appraiser who is still in the process of preparing the appraisal report may not appropriately reflect the market value of the land.

3. Discounted Cash Flow Approach

Discounted Cash Flow Approach is the valuation approach that considers the ability of The One Enterprise in generating free cash flow in the future. Under this approach, the free cash flow that The One Enterprise expects to earn will be discounted with the weighted average cost of capital (WACC) to find the net present value of the ordinary shares of The One Enterprise, considering the current businesses of The One Enterprise. In this regards, the IFA has prepared the financial projection based on the financial projection received from the management as well as the interview with the management about the operating policy. The IFA has adjusted certain assumptions to reflect the current market condition, competition within the industry, overall economic condition, as well as to be in line with the conservative basis.

The IFA has prepared the financial projection for the period equal to the remaining life of the spectrum license of GMM ONE TV, which will be the main source of cash flows generated by The One Enterprise in the future. The projected period is from January 2017 – April 2029. In order to prepare the financial projection, the IFA has taken into consideration the current economic conditions as well as the information at the time of this report. Therefore, if such information changes subsequently, it may impact the opinion of the IFA accordingly.

Details of the assumptions underlying the financial projection are as follows;

1. Revenue

1.1 Advertising revenue from ONE channel which is the main cash flow of The One Enterprise Group. The IFA estimated advertising revenue by multiplying advertising minutes with advertising rates as shown in details below;

- Advertising minutes is forecasted based on the average advertising time by law which shall not exceed an average of 10 minutes per hour. Also, the occupancy rate based on the program schedule of ONE channel is taken into consideration based on the management's projection and the actual occupancy rate as well as the trend during 2015 – 2016.
- Advertising rates the IFA forecasted advertising rates based on the current advertising rates of ONE channel in 2016 and during January – February 2017, together with the forecasted advertising rates in the future by the management, the advertising sales plan of ONE channel, and the advertising rates of the former analog channels (such as channel 3, channel 7, channel 9, etc.). After Mr.Takonkiet's Group has become the shareholder of The One Enterprise together with its management strategy, the rating of ONE channel was no.5 in March 2017. During 2016, there was a change in program schedule for weekdays by the management during the late afternoon news until dramas time in order to expand the primetime slot. Additionally, the weekend program schedule was adjusted to reduce the re-run time and increase the newly launched programs. Variety shows as well as sit-coms which were popular among viewers were also added. These adjustment has contributed to the improvement in rating and the increase in the average occupancy rates and advertising rates of ONE channel in 2016 and continuing to 2017.

From 2018 – 2020, the IFA forecasted that the advertising rates will continuously grow, however, at a slower rate than in 2017. This is based on the forecasted advertising rate by the management of GMM ONE TV following the adjustment of program schedule to expand primetime slot that is expected to continuously increase the channel rating. Together with the coming expiration of analog TV license from 2018 onwards, this will result in a full transition of television industry into digital TV. As a result, the allocation of advertising budget through television media will mainly be in digital TV and the advertising rates of ONE channel should continuously increase from 2017. However, the growth rate in 2021 will decline after the full transitioning period into digital TV.

From 2021 onwards, the IFA forecasted the long term growth rate to stay at 2.0% which is in line with the management's assumption. This is based on the assumption that the advertising budget through digital TV will begin to stabilize after experiencing high growth in the initial phase of transitioning from analog to digital TV platform. The IFA views that such long term growth rate is appropriate and in accordance with conservative basis when taken into consideration the historical growth rate of the advertising rates of ONE channel or other free TV channels in the past.

1.2 Other revenues comprises of studio leasing revenue (operated by Acts Studio Co., Ltd. held by The One Enterprise at 99.99%) of which the services are provided mostly to ONE channel, and also other revenues. The IFA forecasted other revenues based on the actual figures in 2015 – 2016 and the budget for 2017 after the elimination of related party transactions. After that, the IFA forecasted the growth rate of 5.0% in 2018 based on the information received from the management. The IFA views that such rate is possible.

Assumptions for revenue projection

	2015A	2016A	2017F	2018F	2019F	2020F	2021F	2022F
Occupancy rate	49%	52%	55%	62%	65%	68%	71%	73%
Growth rate of average advertising rates	N/A	44%	47%	8%	13%	10%	2%	2%
Advertising revenue	1,052.42	1,669.11	2,561.63	3,150.10	3,731.85	4,306.26	4,573.64	4,796.52
Other revenues	68.59	97.58	26.81	28.15	29.55	31.03	32.58	34.21
Total revenue (THB million)	1,121.00	1,766.69	2,588.43	3,178.24	3,761.40	4,337.29	4,606.22	4,830.73

	2023F	2024F	2025F	2026F	2027F	2028F	2029F
Occupancy rate	75%	75%	75%	75%	75%	75%	75%
Growth rate of average advertising rates	2%	2%	2%	2%	2%	2%	2%

	2023F	2024F	2025F	2026F	2027F	2028F	2029F
Advertising revenue	5,026.49	5,141.07	5,229.56	5,334.15	5,440.84	5,564.86	1,767.98
Other revenues	35.92	37.72	39.60	41.58	43.66	45.85	14.99
Total revenue (THB million)	5,062.41	5,178.79	5,269.17	5,375.74	5,484.50	5,610.70	1,782.98

2. Costs of sales and services

The major costs of The One Enterprise are production costs, cost of license fee amortization, employee salaries and benefits, network leasing fees, annual fees for licenses, depreciation costs, and other costs. The IFA estimated these main cost items as follows;

- **Production costs** the IFA forecasted production costs based on the projection of the management by considering the production plan for TV programs at ONE channel in 2017. This represents a growth rate of 17.82% from the production costs in 2016 which is in line with the adjustment of program schedule to incorporate more variety shows and sit-coms. In 2016, there was a cost control measure done by reducing the air-time of high production cost programs and increasing the air-time of lower production cost programs. As a result, the production costs in 2017 increased from the figure in 2016. From 2018 – 2019, the management forecasted the growth rate at 4.78% and 4.87% per year, respectively. These figures are based on the 10.00% growth in the production costs of drama series while the production costs of other types of programs are forecasted at 3.00% per annum. After 2020 onwards, the growth rate is forecasted at 3.0%. The higher growth rates during 2016 – 2019 can be explained by the initial stage of the business when production was necessary for air-time on ONE channel.
- **Cost of digital TV license fee** According to the accounting standard, the cost of digital TV license fee must be measured at the cash equivalent price based on the present value of the installments. The difference between the total payment to be made and the cash equivalent price is recognized as a finance cost over the license fee payment period. Cost of digital TV license is amortized on a straight line basis over the license period of 15 years. As a result, the costs shown in the profit and loss statement will not equal to the cash outflow of GMM ONE TV in each year.
- **Employee salaries and benefits** in 2017, the IFA forecasted such expenses based on the management's projection. The One Enterprise's management forecasted the growth rate of these expenses by taken into consideration the expected decline in the number of employees after the changing of shareholding structure in Me Mi Ti from 70.00% to 25.00% as well as the re-location of some production teams to Me Mi Ti. From 2018 onwards, the growth rate is forecasted at 5.0% per annum based on the salary increase policy of the management (details of the restructuring and assumptions regarding Me Mi Ti are presented in Item share of profits from investment in associated company)
- **Network leasing fee** is forecasted based on the actual costs incurred by GMM ONE TV under the agreement with the network provider as well as the document from the network provider notifying the reduction of fees at a fixed rate for a period of 6 months (January – June 2017). The growth rate is forecasted at 3.0% every 3 years based on the management's assumption.
- **Annual fee for digital TV license** comprises of the annual fee for the license based on the progressive rates between 0.50% – 2.00% of advertising revenues earned at each level according to the Notification of the NBTC regarding the fees and the licenses to operate broadcasting or television businesses (No.2). The other portion is 2.00% of advertising revenues of GMM ONE TV which will be contributed to the Research and Development of Broadcasting and Telecommunications Fund for Public Interest.

3. Selling and administrative expenses

Selling and administrative expenses are mainly the sales commission, selling and marketing expenses, rental and office expenses. The IFA forecasted the selling and administrative expenses in 2017 based on the budget prepared by the management together with the actual expenses incurred in 2015 – 2016. From 2018 onwards, the growth rate of 3.0% per annum is forecasted. The sales commission is forecasted at 8.89% of advertising revenues from 2017 onwards. The selling and marketing expenses are forecasted at THB 45.00 million in 2017 without escalation. This is because the Company will not spend more on public relations or marketings compared to the amount spent during the initial phase of ONE TV channel. This is according to the management policy to control these expenses.

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Assumptions for costs, selling and administrative expenses projection

(THB million)	2015A	2016A	2017F	2018F	2019F	2020F	2021F	2022F
Production costs and network leasing fee	985.51	1,113.85	1,349.31	1,429.43	1,503.38	1,530.69	1,562.54	1,604.02
Cost of digital TV license fee and annual fee for digital TV license	227.85	187.30	292.80	316.34	339.61	362.59	373.28	382.20
Employee salaries and benefits	325.55	369.86	286.28	339.58	356.56	374.39	393.11	412.77
Selling and marketing expenses	148.12	197.60	272.84	325.16	376.88	427.94	451.71	471.53
Office and other expenses	317.34	314.90	200.24	213.12	225.70	238.47	248.46	258.29
Total costs and expenses	2,004.36	2,183.51	2,401.47	2,623.63	2,802.13	2,934.08	3,029.11	3,128.81

(THB million)	2023F	2024F	2025F	2026F	2027F	2028F	2029F
Production costs and network leasing fee	1,647.15	1,695.67	1,738.34	1,782.20	1,833.50	1,879.81	718.02
Cost of digital TV license fee and annual fee for digital TV license	391.40	395.98	399.52	403.70	407.97	412.93	125.77
Employee salaries and benefits	433.40	455.07	477.83	501.72	526.81	553.15	180.91
Selling and marketing expenses	491.98	502.17	510.04	519.34	528.83	539.86	171.24
Office and other expenses	268.50	277.87	287.31	297.26	307.59	318.47	102.66
Total costs and expenses	3,232.43	3,326.77	3,413.05	3,504.23	3,604.70	3,704.22	1,298.60

Remark : excluding depreciation and amortization expenses which are unrelated to the copyrights

4. Sources of funds for the projects

As of December 31, 2016, total paid-up capital of The One Enterprise was THB 1,905.00 million. On October 25, 2016, the Board of Directors' meeting of The One Enterprise has resolved to increase its registered capital by the amount of THB 1,905.00 million, to a registered capital of THB 3,810.00 million. According to the conditions in the Share Sale and Purchase Agreement dated November 30, 2016 between the group of seller (GRAMMY, Mr.Takonkiet, Scenario, and Wan Tam Dee) and Pranaporn as the buyer, Pranaporn will subscribe to the newly issued shares of The One Enterprise in order to have its shareholding in The One Enterprise at 50.00% post capital increases. The subscription of the capital increase shares will be executed in 2 rounds. The first round capital increase was THB 500.00 million of which Pranaporn has already paid the full amount of share costs on March 31, 2017. The second round capital increase will be THB 1,405.00 million, which is expected to be paid within May 2017. The One Enterprise will use the capital increase proceeds to pay the cost of digital TV license fee at approximately THB 800 million, repay its mature short-term loans at approximately THB 800 million and use the remaining amounts as working capital for the business at approximately THB 300 million. These amounts may vary depending on the appropriateness given the situation at the time. In this regards, if the operating performance of The One Enterprise in the future is as expected by the management and the IFA, The One Enterprise will have adequate working capital and liquidity for its continuous business operation in the future. As of December 31, 2016, The One Enterprise had loans from financial institution and debentures of THB 3,875.71 million.

5. Capital expenditure

According to the business plan of The One Enterprise, the capital expenditure will be used for studio improvement, and purchase of production equipment and office equipment each year as follows;

Assumptions for capital expenditure projection

(THB million)	2015A	2016A	2017F	2018F	2019F	2020F	2021F	2022F	2023F
CAPEX	842.10*	25.20	28.25	18.34	21.94	27.28	18.34	20.00	18.94

(THB million)	2024F	2025F	2026F	2027F	2028F	2029F
CAPEX	30.28	18.34	18.94	28.34	10.00	-

Remark * the increase by THB 712.45 million was due to the acquisition of a subsidiary company

For digital TV license fees of GMM ONE TV, from 2017 onwards, it is forecasted based on the order of the chief of the National Council for Peace and Order no.76/2016 regarding the measures to support the operations of broadcasting, television, and telecommunication businesses for public interests dated December 20, 2016. In the event that the spectrum licensee is unable to make payment according to the

previous schedule according to the Notification of the NBTC regarding the rules, procedures, and conditions for the auction of the spectrum to provide digital television services at national level B.E. 2556, the licensee shall notify in writing to the NBTC in advance. The NBTC will consider such notification and may approve the licensee to make payment according to the new order of the NBTC as appropriate. In this regards, the NBTC states that the payment for the remaining minimum bid price at 10% shall be divided into 2 installments. Meanwhile, the remaining amount exceeding the minimum bid price at 60% shall be divided into 6 installments. All of which shall be paid together with the payment of interests based on the policy rate as determined by the Monetary Policy Committee of The Bank of Thailand as of the payment date, calculating from the due date under the previous schedule (as of March 17, 2017, the policy rate was 1.50% per year). GMM ONE TV sent the notifying to the NBTC in writing to choose the alternative payment schedule according to the NCPO's order in order to benefit from the improved financial liquidity after this extension and has already obtained approval from the NBTC. Details of the payment schedule are shown in the table below.

Payment schedule of the digital TV license fees

(THB million)	2014	2015	2016	2017	2018	2019	2020	2021	2022
Minimum bid price	755.0	453.0	151.0	75.5	75.5	-	-	-	-
Amount exceeding minimum bid price	181.0	181.0	362.0	181.0	181.0	181.0	181.0	181.0	181.0
Total payment	936.0	634.0	513.0	256.5	256.5	181.0	181.0	181.0	181.0

Remark If GMM ONE TV choose the previous payment schedule of the NBTC, it has to make a payment of THB 513 million in 2017 (comprising the minimum bid price of THB 151 million and the amount exceeding minimum bid price of THB 362 million). Then in 2018 – 2019, it has to make a payment of THB 362 million each year, which is entirely the portion of the amount exceeding minimum bid price.

6. Share of profits from investment in associated company

In December 2016, The One Enterprise sold a portion of shares in Me Mi Ti Co., Ltd. to the existing shareholders who are also the directors and management of Me Mi Ti (shareholding portion of the existing shareholders was 30.00% and increased to 75.00% after the share sale and purchase transaction). Such transaction will result in the diluting shareholding stakes of The One Enterprise in Me Mi Ti from 70.00% to 25.00%. As a result, the status of Me Mi Ti will change from a subsidiary company to an associated company. Additionally, there was a restructuring of workforces by transferring some of the production teams to Me Mi Ti to be in line with the new business structure and management policy of Me Mi Ti. Therefore, from 2017 onwards, the IFA has prepared the financial projection of Me Mi Ti based on the annual budget as well as the forecast by the management in which the share of profits from investment in associated company will be recognized according to the shareholding percentage rather than consolidating the performance of Me Mi Ti. Details of the assumptions are presented below.

Revenue

The main revenue of Me Mi Ti is the revenue from production services provided to both The One Enterprise Group and outside customers. Also, some parts of Me Mi Ti's other revenues came from the management fees from The One Enterprise. From 2017 onwards, Me Mi Ti will no longer have this portion of revenue due to the shareholding and business restructuring as mentioned above. The IFA has forecasted revenue from production services and other revenues in 2017 based on the annual budget in which Me Mi Ti's management has already incorporated the above business restructuring, the changing in workforces, as well as the business policy post restructuring. From 2018 onwards, the growth rate of 5.0% is applied to both revenue from production services and other revenues based on the management's estimation The IFA views that such rate is possible.

Costs

The IFA forecasted the production costs in 2017 based on the management budget at 67.87% of revenue from production services considering Me Mi Ti's business plan. Such forecast is higher than the average costs during 2014 – 2016 at 61.55%. From 2018 onwards, the cost ratio at 70.00% is applied based on the management's estimation according to the business plan that is expected to happen.

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Selling and administrative expenses

The main expenses of Me Mi Ti are salaries and employee benefits, management and employee remuneration, rental expenses, and office expenses. The IFA forecasted such expenses based on the annual budget in 2017 prepared by the management which includes the receipt of the employee transfer (production teams) as mentioned before. As a result, salaries and employee benefits, management and employee remuneration, rental expenses, and office expenses are expected to be higher. From 2018 onwards, the growth rate of 5.00% is applied to salaries and employee benefits and the growth rate of 3.00% is applied to rental expenses and office expenses.

Details of Me Mi Ti's projection are presented below.

(THB million)	2015A	2016A	2017F	2018F	2019F	2020F	2021F	2022F
Revenue from production services	143.89	157.36	273.39	287.06	301.41	316.48	332.30	348.92
Other revenues	6.35	4.70	0.30	0.31	0.33	0.35	0.36	0.38
Total revenues	150.24	162.05	273.69	287.37	301.74	316.83	332.67	349.30
Costs of sales	78.41	95.96	185.56	200.94	210.99	221.54	232.61	244.24
Selling and administrative expenses								
- Salaries, employee benefits, management and employee remuneration	27.82	31.96	47.37	50.85	53.40	56.07	58.87	61.81
- Rental and office expenses	7.02	6.00	7.49	7.72	7.95	8.19	8.43	8.69
- Other expenses	5.41	4.11	1.25	1.23	1.32	1.12	1.28	1.24
Total selling and administrative expenses	40.25	42.07	56.12	59.80	62.67	65.37	68.58	71.74
Earnings before taxes	31.52	24.03	32.01	26.63	28.08	29.92	31.47	33.32
Net profits	27.19	19.03	25.61	21.31	22.47	23.93	25.18	26.65

(THB million)	2023F	2024F	2025F	2026F	2027F	2028F	2029F
Revenue from production services	366.36	384.68	403.92	424.11	445.32	467.58	152.92
Other revenues	0.40	0.42	0.44	0.46	0.49	0.51	0.17
Total revenues	366.77	385.10	404.36	424.58	445.81	468.10	153.09
Costs of sales	256.45	269.28	282.74	296.88	311.72	327.31	107.05
Selling and administrative expenses							
- Salaries, employee benefits, management and employee remuneration	64.90	68.15	71.56	75.14	78.89	82.84	27.09
- Rental and office expenses	8.95	9.22	9.49	9.78	10.07	10.37	3.33
- Other expenses	1.18	1.19	1.19	1.20	1.20	1.21	0.38
Total selling and administrative expenses	75.03	78.55	82.24	86.11	90.16	94.42	30.80
Earnings before taxes	35.28	37.27	39.38	41.59	43.92	46.37	15.25
Net profits	28.22	29.82	31.50	33.27	35.14	37.10	12.20

7. Terminal Value after the end of the spectrum license period

The IFA forecasted the terminal value expected to be obtained after the end of the spectrum license period of The One Enterprise Group by considering the value of account receivables, the net book value of land, buildings and equipment, and outstanding account payable as of the maturity date of the spectrum license because it is quite certain that those assets and liabilities can be monetized. This is also to be in accordance with the conservative basis.

8. Discount Rate

The IFA used Weighted Average Cost of Capital (WACC) as a discount rate to calculate the present value of free cash flows in which the WACC is based on the formula as follows;

$$WACC = K_e * [E / (D + E)] + K_d * (1 - t) * [D / (D + E)]$$

Nonetheless, in order to calculate the WACC, the cost of equity (K_e) must be obtained from the Capital Asset Pricing Model (CAPM) based on the formula as follows;

$$K_e = R_f + \beta (R_m - R_f)$$

Whereas

- Rf = Risk free interest rate in which the IFA based on the 12 year government bond yield at 2.82% per annum to be in accordance with the remaining life of digital TV spectrum license. The yield is collected on April 7, 2017, which is the preparation date of this IFA report (source: www.thaibma.or.th)
- Rm = The expected market return in which the IFA based on the average change in SET index during the past 35 years from 1982 – 2016 at 14.80% (source: www.set.or.th and the calculation of the IFA).
- β = Beta coefficient of ordinary shares in which the IFA based on the 3 year historical betas of comparable companies listed on the SET who also earned revenues from television businesses, including digital TV. Both the operators of television channels and producers of television programs are included in the list of comparable companies as both activities are the drivers of core revenues and costs of The One Enterprise Group. After that, the IFA adjusted the betas of comparable companies by removing the impact of having different capital structures using the formula: $\text{Unleveraged Beta} = \text{Leverage Beta} / (1 + (1 - \text{tax}) \times (D/E)_{\text{comparable companies}})$. Then, the resulted Unleveraged Beta is re-leveraged with the target capital structure of the channel using the formula: $\text{Leverage Beta} = \text{Unleveraged Beta} \times (1 + (1 - \text{tax}) \times (D/E)_{\text{The One Enterprise}})$. The resulted beta coefficient is 1.731. Details of the comparable companies used for the calculation of betas are presented in the table below.

List of comparable companies for the calculation of beta

Comparable companies	Trading symbol	Business characteristics	Total revenue in 2016 (THB million)	Market capitalization as of Apr 17, 17
1. Amarin Printing and Publishing Public Company Limited	AMARIN	Operates the main businesses of printing, publishing (magazine and pocket book), event organizing, and digital TV. AMARIN holds 99.99% in Amarin Television Co., Ltd., the licensee of digital TV spectrum license for a variety HD channel.	1,945.01	2,919.00
2. BEC World Public Company Limited	BEC	Operates the main businesses of 1) broadcasting and media businesses i.e. television and radio 2) program sourcing and production. BEC holds 99.99% in BEC-Multimedia Co., Ltd., the licensee of digital TV spectrum licenses for a variety HD channel, a variety SD channel, and a children channel.	12,534.57	38,400.00
3. MCOT Public Company Limited	MCOT	Operates various multi-media businesses such as Modernine TV, MCOT radio network, and Thai news agency with subsidiaries involving in the production of television programs, documentaries, and all types of entertainment businesses. MCOT is the licensee of digital TV spectrum licenses for a variety HD channel and a children channel.	2,830.38	9,619.39
4. MONO Technology Public Company Limited	MONO	Operates the main businesses of (1) media and content (mobile internet business, publishing business, television business, and radio business) and (2) entertainment business (music business and movie business). MONO has an indirect shareholdig at 99.99% in MONO Broadcast Co., Ltd. (an indirect subsidiary), the licensee of digital TV spectrum license for a variety SD channel.	2,112.70	12,573.20
5. Nation Broadcasting Corporation Public Company Limited	NBC	Production of television programs and radio programs as well as providing news and advertisements through television, radio, and new media platforms. NBC holds 99.99% in NBC Next Vision Co., Ltd., the licensee of digital TV spectrum license for news channel.	536.52	963.79

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Comparable companies	Trading symbol	Business characteristics	Total revenue in 2016 (THB million)	Market capitalization as of Apr 17, 17
6. News Network Corporation Public Company Limited	NEWS	Operates the businesses of 1) information technology 2) sales of occupational health and environmental equipment as well as providers of related services 3) business of sales and services 4) publishing, and 5) digital TV and radio. NEWS has an indirect shareholding of 99.99% in Springnews Television Co., Ltd. (an indirect subsidiary), the licensee of digital TV spectrum license for news channel.	347.65	1,321.32
7. Nation Multimedia Group Public Company Limited	NMG	Operates the main businesses of publishing and distributing of newspapers as well as other printings, providing advertising and news services through different media such as TV, radio, and new media. NMG holds 99.90% in Bangkok Business Broadcasting Co., Ltd., the licensee of digital TV spectrum license for SD variety channel. Also, NMG holds 71.45% in NBC.	2,183.14	4,067.85
8. RS Public Company Limited	RS	Operates the complete range of entertainment business such as music distribution, event organizing, television, radio, etc. RS holds 99.99% in RS Television Co., Ltd., the licensee of digital TV spectrum license for SD variety channel.	3,248.51	8,685.46
9. True Corporation Public Company Limited	TRUE	Operates the 3 main businesses which are 1) online business (comprising of broadband internet services, business data services, fixed-line phones, and value-added services) 2) cellular business (offering a comprehensive range of mobile services through 2G, 3G, and 4G LTE) 3) Pay TV under TrueVisions. TRUE indirectly holds 99.99% in True4U Station Company Limited (an indirect subsidiary), the licensee of digital TV spectrum license for SD variety channel. Additionally, TRUE indirectly holds 99.99% in Thai News Network (TNN) Co., Ltd. (an indirect subsidiary), the licensee of digital TV spectrum license for news channel.	131,157.90	218,561.68
10. Workpoint Entertainment Public Company Limited	WORK	Operates the main businesses of 1) television shows 2) events and 3) playhouse and concert. WORK holds 99.99% in Thai Broadcasting Co., Ltd., the licensee of digital TV spectrum license for variety SD channel.	2,686.30	22,137.92

Source : Form 56-1 for 2016 of each company and www.setsmart.com

Details of the calculation for Ke is shown in the table below.

Calculation of the cost of equity	
Factors	Assumptions
Risk-free Rate (1)	2.82%
Risk Premium (Rm – Rf) (2)	11.98%
β (3)	1.731
Cost of Equity or Ke (4) = (1) + [(3)*(2)]	23.56%

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The cost of equity (Ke) obtained from the calculation shown in the above table is 23.56%. Then, Ke is applied in the calculation of WACC in which the IFA obtains the value of 12.08%. Details of the calculation are presented in the following table.

Ke	=	Cost of equity based on Capital Asset Pricing Model (CAPM) as shown above
Kd	=	Cost of interest bearing debts
t	=	Corporate income tax rate which equals to 20.00%
D/(D+E)	=	Target debt ratio of The One Enterprise which equals to 0.60

Calculation of weighted average cost of capital (WACC)

Factors	Assumptions
Cost of Equity or Ke (1)	23.56%
Cost of Debt or Kd (2)	5.52%
D/(D+E) (3)	0.60
Corporate income tax or t (4)	20.00%
WACC or Discount Rate (5) = {(1)*[1-(3)]} + {(2)*[1-(4)]*(3)}	23.56%

Summary of projected free cash flows

(THB million)	2017F	2018F	2019F	2020F	2021F	2022F
Earnings (losses) before interest and taxes	89.42	452.33	853.36	1,312.35	1,499.00	1,625.83
<u>Less taxes</u>	-	-	-	(4.19)	(282.83)	(316.30)
<u>Add depreciation, amortization and non-cash items</u>	320.52	321.51	333.30	299.57	267.93	258.65
<u>Less working capital</u>	(226.77)	(161.94)	(160.53)	(159.50)	(73.28)	(61.06)
<u>Less capital expenditure for equipment and spectrum license</u>	(284.75)	(274.84)	(202.94)	(208.28)	(199.34)	(201.00)
Free cash flows	(101.58)	337.06	823.19	1,239.95	1,211.49	1,306.12
Present value of free cash flows	6,694.64					
<u>Add cash and cash equivalents as of Dec 31, 16</u>	176.60					
<u>Add capital increase proceed after Dec 31, 16</u>	1,905.00					
<u>Less interest bearing debts as of Dec 31, 16</u>	3,875.71					
Present value of equity	4,900.53					
Number of shares (million shares)	38.10					
Share value (THB per share)	128.62					

(THB million)	2023F	2024F	2025F	2026F	2027F	2028F	2029F
Earnings (losses) before interest and taxes	1,784.85	1,836.51	1,842.81	1,858.53	1,865.62	1,894.58	482.38
<u>Less taxes</u>	(353.86)	(365.75)	(366.93)	(369.99)	(371.31)	(377.00)	(95.85)
<u>Add depreciation, amortization and non-cash items</u>	235.84	207.20	205.03	204.77	206.04	203.84	179.65
<u>Less working capital</u>	(63.01)	(30.42)	(23.36)	(27.84)	(28.12)	(33.22)	(25.49)
<u>Less capital expenditure for equipment and spectrum license</u>	(18.94)	(30.28)	(18.34)	(18.94)	(28.34)	(10.00)	-
<u>Add terminal value</u>							1,206.84
Free cash flows	1,584.87	1,617.25	1,639.21	1,646.53	1,643.88	1,678.19	1,747.54

According to the above calculation, the share price of The One Enterprise is THB 128.62 per share. In addition, the IFA conducted sensitivity analysis to analyze the impact from the variation of a certain factor that is still uncertain. In this regards, the advertising rate in 2017 is adjusted upward and downward by 3% at the growth rate of the advertising rate in 2017, which is the base year for the projection. Such adjustment is based on the possibility of the advertising rate per minute that may adjust down according to the rating of ONE channel as expected by the management. Details are presented as follows;

Sensitivity analysis

Scenario	Share price (THB/share)
Scenario 1: adjust the growth rate of average advertising rate downward by 3% from base case scenario	123.83
Base case	128.62
Scenario 2: adjust the growth rate of average advertising rate upward by 3% from base case scenario	133.11

Based on the sensitivity analysis, **the fair value of The One Enterprise shares according to the Discounted Cash Flow Approach is in the range of THB 123.83 – 133.11 per share** which is higher than the transaction price at THB 100.00 per share by 23.83% – 33.11%

Since the share price according to the Book Value Approach and Adjusted Book Value Approach were negative at THB -6.62 per share and THB -8.10 per share and also such approaches take into consideration only the value of the business at a certain point in time without reflecting business plan and cash flow generating capability in the future, therefore, **the IFA views that the appropriate approach for the valuation of The One Enterprise's shares is Discounted Cash Flow Approach which results in the fair value of THB 123.83 – 133.11 per share.**

1.3.2 Fairness of the transaction conditions

The IFA has considered the conditions of the transaction by taking into consideration the conditions under the Memorandum of Understanding for the share sale and purchase of The One of Enterprise's shares as shown in Section 1 Item 1.1.2 of this report. The IFA views that these conditions are normal conditions in share sale and purchase transaction which can be mutually and voluntarily agreed between the contractual parties and these conditions do not alter the benefits of the Company.

- The entering into this transaction will not impact the guarantee obligations that Mr.Takonkiet's Group has agreed with the Company before. Both the Company and Mr.Takonkiet's Group still have a duty to guarantee The One Enterprise, GMM ONE TV, and/or others companies within the group that The One Enterprise has a shareholding above 50% of registered capital, to the financial institutions according to each party's shareholding percentage in The One Enterprise and/or the guarantee portion approved by the financial institution and accepted by the Company. Additionally, according to the Shareholders' Agreement dated March 26, 2015, in the event Mr.Takonkiet's Group is unable to jointly guarantee the liabilities to the financial institutions and/or changing the collateral and/or reducing the guarantee portion of the Company due to whatever reasons which includes the event where the financial institutions approve the Company to have a guarantee portion for the liabilities of The One Enterprise, GMM ONE TV, and/or other companies within the group above the Company's shareholdings in The One Enterprise, Mr.Takonkiet's Group and/or Mr.Takonkiet agree to guarantee such guarantee obligations that the Company has for The One Enterprise, GMM ONE TV, and/or other companies within the group to the financial institutions, according to the shareholding portion of Mr.Takonkiet's Group in The One Enterprise, to the Company. In this regards, it is agreed by Mr.Takonkiet's Group that such guarantee obligations of Mr.Takonkiet's group to the Company may be changed according to the shareholding portion of the Company and Mr.Takonkiet's group in The One Enterprise that might be changed later. The Company and Mr.Takonkiet's Group also mutually agree to enter into the guarantee contract on the Company's guarantee obligations according the change in shareholding percentage.
- The payment of share consideration entirely in cash to the seller on the date the Company receives the share transfer.

Meanwhile, other conditions and/or requirements are in compliance with the laws or related regulations and/or to ensure that the share sale and purchase transaction of The One Enterprise's shares between the Company and Scenario does not contradict with the conditions or requirements as stipulated in any contracts and/or agreements that the Company and/or Mr.Takonkiet's Group have with other parties such as;

- The entering into the transaction requires the approval from the shareholders' meeting of not less than three fourths of the total votes of shareholders, who attend the meeting and are eligible to vote.

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- The Company and Scenario can purchase and sell The One Enterprise's shares only after;
 - Pranaporn issued a consent letter allowing the Company to purchase The One Enterprise's shares from Scenario (First right of refusal).
 - The Company and Mr.Takonkiet's Group received a written letter from the financial institutions who provide loans and who are the representatives of debenture holders of The One Enterprise to allow the change in the shareholding structure of The One Enterprise as well as the change in the guarantee obligations for The One Enterprise's liabilities according to the new shareholding portion of each party post capital increase and the purchase transaction of The One Enterprise's shares from Scenario (except for the core financial institutions who provide loans to The One Enterprise Group in which the guarantee obligations of Pranaporn, the Company, and Mr.Takonkiet's Group shall be maintained at 50.00% each post capital increase and the purchase transaction of The One Enterprise's shares from Scenario).

With the aforementioned reasons, **the IFA views that the conditions underlying the purchase of The One Enterprise's shares are appropriate.**

Section 2 : Summary of the Opinions by the Independent Financial Advisor

Based on our analysis in relation to the appropriateness of the transaction which includes the fairness of the transaction price as well as the fairness of the transaction conditions under this additional purchase transaction of The One Enterprise's shares from Scenario, the IFA views that the transaction **is appropriate** due to the following reasons:

1. It will increase the opportunity of the Company to earn return from the investment in The One Enterprise at a higher amount according to the increase in its shareholding portion in The One Enterprise (in the event that the operating performance of The One Enterprise is growing as planned). Although the shareholders' equity of The One Enterprise as of December 31, 2016 was a negative THB 126.02 million, the operating performance of The One Enterprise has a potential to rise from the increase in revenue due to the increase in advertising rates and advertising minutes sold by ONE channel after the increase in the rating of ONE channel to no. 4 among all television channels during prime time (6.20 pm – 10.30 pm) and no. 5 during the 24 hours air-time (6.00 am – 12.00 am) compared to no.6 in December 2015 and improved to no.5 during 2016 – present. Additionally, the capital increase from Prananporn will result in The One Enterprise having higher cash flows and liquidity together with at present, there are many positive factors supporting the growth of digital TV business (including ONE channel) such as the growth in advertising budget via digital TV, the supporting measure of the government by granting an extension of the deadline to make license payments and the subsidizing of the satellite uplink costs under the must carry rules, as well as the distribution of subsidy coupons for the purchase of digital TV set-top boxes phase 2 by the NBTC, etc.
2. It will enable the Company to maintain its involvement in managing the business of The One Enterprise Group post capital increase to a similar level before the capital increase of The One Enterprise (the Company held shares in The One Enterprise at 51.00% prior to capital increase).
3. The purchase price of The One Enterprise's share from Scenario at THB 100.00 per share is appropriate because it is lower than the fair value of The One Enterprise's share evaluated by the IFA using Discounted Cash Flow Approach which are in the range of THB 123.83 – 133.11 per share.
4. The conditions underlying the transaction are appropriate. They are normal conditions for share sale and purchase agreement that can be agreed upon mutually and voluntarily by both parties. Furthermore, these conditions do not alter the benefits of the Company in anyway. For example, the entering into the transaction will not impact the guarantee obligations that Mr.Takonkiet's Group has agreed with the Company before and/or the alteration of the guarantee obligations following the consideration of the financial institutions. Or the payment condition in which the full amount of share consideration shall be paid in cash to the seller on the date the Company receives the share transfer. Additionally, some conditions are in compliance with the laws or related regulations, and/or to ensure that the share sale and purchase transaction of The One Enterprise's shares between the Company and Scenario does not contradict with the conditions or requirements as stipulated in any contracts and/or agreements that the Company and/or Mr.Takonkiet's Group have with other parties. For example, the transaction requires approval from the shareholders' meeting of the Company prior to executing the transaction.

However, there are **disadvantages and risks** that the shareholders should take into consideration before making the decision to approve the transaction as follows;

- In the event that the performance of The One Enterprise is not as planned, the Company is exposed to the risk of recognizing loss from the investment in The One Enterprise at a higher amount according to the increase in its shareholding portion. This maybe a result of many factors such as a decline in advertising budget due to an economic slowdown, an impact from intense competition within digital TV business both in terms of content quality and advertising rate in order for players to steal advertising budget, an impact from the growth of new media and social media platform, etc.
- In the event that there is a breach of contract with the Bank or the business performance of TV Digital ONE Channel does not go as planned making GMM ONE TV unable to repay the debt to the Bank, the Company has the risk as the Bank may demand the partial or whole payment of GMM ONE TV's debt. This would lower the financial status of the Company. However, as stipulated in the guarantee contract, Mr.Takonkiet's Group agrees to make loan repayment according to its shareholding portion in The One Enterprise to the Company immediately in the event that the Company is called by the

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financial institutions to repay the loans of GMM ONE TV. Additionally, the Company will obtain capital increase proceed from Pranaporn in the amount of THB 1,905 million which will be used to repay the loans and will be used as working capital for the business. As a result, these factors can alleviate the impact from entering into this transaction at a certain extent.

- The risk associated with the Company incurred all related transaction costs without entering into the transaction because the conditions precedent cannot be completely fulfilled. For example, expenses related to engaging different advisors, convening shareholders' meeting, printing and circulating related documents.

In this regards, when considering the benefits that the Company may obtain from entering into the transaction, the risks that may arise, the appropriateness of the transaction price and conditions as mentioned above, the IFA views that the purchase of The One Enterprise's shares from Scenario is appropriate. Therefore, the shareholders should approve the acquisition transaction of the additional shares of The One Enterprise from Scenario.

The decision to vote is solely dependable on the consideration and discretion of the shareholders. The shareholders should take into consideration the advantages, disadvantages, risks, limitations, and opinions expressed on consideration items of the Transactions as well as carefully consider the attached documents submitted to the shareholders along with the invitation letter to shareholders' meeting so as to make the most appropriate decision.

JayDee Partners Limited, as the Independent Financial Advisory of the Company, has performed the study and analysis with care in accordance with the professional standard and has provided the opinion based on the fair analysis of information by taking into consideration the benefits of all shareholders.

The opinion of the independent financial advisor is based on the information which has been received from the Company as well as interviews with the Company's management, publicly available information and other relevant documents. The Independent Financial Advisor assumes that all information received is truthful correct and reasonability. Therefore, if the said information is incorrect and/or is not truthful and/or has been significantly changed in the future, it will affect the opinion of the Independent Financial Advisor. Therefore, the Independent Financial Advisor is unable to certify or warrant the future impact that may arise to the Company and the shareholders. In addition, the opinion of the Independent Financial Advisor is only to provide comments to the shareholders, and providing this opinion does not warrant the accomplishment of the transaction and any impact flowing from the transaction to the Company.

This English report of the Independent Financial Advisor's opinion has been prepared solely for the convenience of foreign shareholders of the Company and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

Yours Sincerely,

-Mrs. Duangjai Lorlertwit-

-Ms. Jirayong Anuman-Rajadhon-

(Mrs. Duangjai Lorlertwit)

(Ms. Jirayong Anuman-Rajadhon)

Executive Partner

Managing Partner / Operation Controller

Jaydee Partners Limited, the Independent Financial Advisor

Enclosure 1 : General Information of GMM Grammy Public Company Limited

1. History of the Company

In 1983 the Company was established under the name “Grammy Entertainment Co., Ltd. The Company was principally engaged in producing modern Thai music and television programmes. The key historic milestones and events related to the Company’s changes in the shareholding structure and business operations during 2013 – March 2017 are as follows:

2013	<ul style="list-style-type: none"> ▪ The Company launched “Pee Mak...Phra Khanong” movie, which generated up to THB 567 million in box office revenue, the highest amount in Thai movie history. ▪ The Company launched 13 episodes of “Hormones The Series” television series, which were broadcasted on ONE Channel and Youtube. The series became a big hit nationwide and gained over 80 million Youtube viewers. ▪ The Board of Directors of the Company passed the resolution of disposal of ordinary shares in the Listed Companies held by the Company at the price not less than the average cost of all shares held by the Company. Subsequently, the Company disposed the shares held in 3 Listed Companies for the net amount received of THB 1,456.41 million. ▪ The Company increased its capital by offering 106,052,989 new common shares to existing shareholders according to pro rata basis – 5 existing shares per 1 new share, at the price of THB 10.00 per share. During 2 – 6 September 2013 the Company received the net cash of THB 1,059.95 million from the subscription, increasing its registered capital to THB 636,317,936 or equivalent to 636,317,936 shares. The funds were subsequently used as working capital and investment in the digital TV business. ▪ The Company entered into an auction for licenses to use allocated frequencies for national commercial digital television services and won licenses in two categories: (1) high-definition for variety category for THB 3,320 million; and (2) standard-definition for variety category for THB 2,290 million.
2014	<ul style="list-style-type: none"> ▪ On 7 February 2014, the Group paid the first installment of the license fees to operate on Digital Television Services for THB 1,317 million to the Office of the National Broadcasting and Telecommunications Commission. The license was granted on 25 April 2014 for the 15-year right to operate from 25 April 2014 to 24 April 2029. ▪ ONE Channel (Variety HD) had a trial broadcast during 1 – 24 April 2014 with the official broadcast on 1 May 2014, while GMM Channel (Variety SD) officially broadcasted on 23 May 2014. ▪ In July 2014, Z Trading Company Limited (previously called GMM Z Trading Company Limited), the Company’s subsidiary, had acquired 30,000,000 shares of CTH Public Company Limited totaling THB 1,031 million. The Company settled the acquisition of those shares by the selling of 38,659,700 shares of GMM B Company Limited to CTH’s subsidiary. ▪ The Company raised its registered capital from THB 636,317,936 million to THB 819,949,729 million, an increasing of THB 636,317,936 Million. The new common shares were allotted and offered to (1) the existing shareholders for the maximum of 63,631,793 shares according to pro rata basis – 10 existing shares per 1 new share, at the price of THB 13.50 per share; and (2) the private placement for the maximum of 120,000,000 shares and the remaining shares after the right offering allotment. The shares were priced by Book – Building method. The funds from the capital increase were utilized to strengthen the Company’s financial status. In this regard, the Company offered 56,753,100 shares to the existing shareholders in (1) during 17 -24 October 2014 and received THB 761.29 million from the subscription. During 19 -21 November 2014, the Company issued 126,878,693 shares (including the remaining shares after the right offering allotment) at the price of THB 13.50 per share to the private placement for the net cash of THB 1,712.86 million. ▪ The Extraordinary General Meeting of Shareholders No.2/2014 approved the disposal of common shares of SE-Education Public Company Limited held by the Company in the amount of not less than 30,000,000 shares up to 49,550,512 shares, at the price not less than THB 5.10 per share, totaling the minimum value will be THB 153.00 million to THB 252.71 million.

2015	<ul style="list-style-type: none"> ▪ The Extraordinary General Meeting of Shareholders No. 1/2015 on 10 February 2015 approved the partial waiver of subscription right to the capital increase of ordinary shares in The One Enterprise Company Limited to the Group of Mr.Takonkiet Viravan (after the transaction, the Company's ownership interest in The One Enterprise Company Limited decreased to 51%). The Meeting also approved the disposal of the ordinary shares of ACTS STUDIO COMPANY LIMITED directly and indirectly held by the Company to The One Enterprise Company Limited. ▪ The Company disposed its investment in ACTS STUDIO COMPANY LIMITED and Exact Scenario Company Limited to The One Enterprise Company Limited. ▪ GMM TV Company Limited (a subsidiary in which the Company has indirect ownership interest through GMM Media Public Company Limited) disposed its investment in Me Mi ti Company Limited (70% ownership) to The One Enterprise Company Limited (the Company's subsidiary with 51% ownership). ▪ GMM Media Public Company Limited, the Company's subsidiary, disposed its investment in Index Creative Village Public Company Limited (50% ownership), which operates events planning business, to Wave Entertainment Public Company Limited. ▪ GMM Media Public Company Limited, the Company's subsidiary, disposed its investment in GMM Times Company Limited (50% ownership), which operates publishing business, to the Group of C True Company Limited. ▪ The Company disposed its investment in K Arena Company Limited (50% ownership), which operates karaoke service and rental business, to Major Cineplex Group Public Company Limited. ▪ A-Time Media Company Limited (a subsidiary in which the Company has indirect ownership interest through GMM Media Public Company Limited) disposed its investment in A Gen Event Agency Company Limited (70% ownership), which operates publishing and marketing businesses to the Group of Mr.Sippakorn Wongsman. ▪ The Company established a new subsidiary called GDH 559 Company Limited ("GDH 559") with registered capital of THB 5 million (51% ownership). GDH 559 is engaged in film production and distribution business.
2016	<ul style="list-style-type: none"> ▪ GDH 559 Company Limited, the Company's subsidiary, increased its registered capital to THB 150 million. ▪ Announcement on the termination of Z PAY TV which is the termination of PAY TV services operated and owned by CTH Group, in which the Company Group is no longer engaged in such service. As for "GMM Z" Satellite TV Platform, the Company Group is still responsible for the sale of satellite TV set-top-box, customers can access free TV channels on both C-Band and KU-Band systems as usual from all types of GMM Z satellite TV set-top-box. ▪ The Group paid license fee for the use of allocated frequencies for national commercial digital television services, the third tranche license fee, to the National Broadcasting and Telecommunications Commission on June 27, 2016. ▪ The Company has duly 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. In addition, the Company has entered into a memorandum of 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. ▪ The Board of Directors' meeting of the Company No.9/2016 held on November 10, 2016 acknowledged the plan of The One Enterprise to increase its registered capital by THB 1,905.00 million by issuing 19,050,000 newly issued shares at a par value of THB 100.00 each to the existing shareholders (the Company and the group of Mr. Takonkiet Viravan) as well as Pranaporn, which will become the shareholder of One Enterprise. After the capital increase, which will be divided into 2 stages, One Enterprise's registered capital will be a total of THB 3,810 million. The Company, Mr. Takonkiet's Group, and Pranaporn will hold 25.50%, 24.50%, and 50.00% of registered shares, respectively. All shareholding parties will jointly be liable for the guarantee obligations and debts of The One Enterprise Group (consisting of The One Enterprise, GMM One TV Co., Ltd., and/or companies in the group in which The One Enterprise holds more than 50% of registered capital) to the financial institution proportionate to the shareholdings in The One Enterprise.

	<p>On November 30, 2016, the Company (according to the resolution of the Board of Director's meeting of the Company No.10/2016 held on November 25, 2016) and Mr. Takonkiet's Group entered into the Agreement of Sale and Purchase of Shares in The One Enterprise ("the Share Sale and Purchase Agreement") with Pranaporn. According to the key conditions of the Share Sale and Purchase Agreement, the Company and Mr. Takonkiet's Group will proceed for The One Enterprise to increase its registered capital in which the Company and Mr. Takonkiet's Group shall waive the right to purchase such newly issued ordinary shares in both capital increases to Pranaporn. Additionally, after the execution of the Share Sale and Purchase Agreement, the parties shall proceed to have Pranaporn jointly be liable for the guarantee obligations and debts of The One Enterprise to the financial institution proportionate to the shareholdings in The One Enterprise.</p> <ul style="list-style-type: none"> ▪ In December 2016, according to the order of the National Council for Peace and Order No.76/2016 dated December 20, 2016, it resolved to extend the period of the remaining 3 instalments of the digital television licensing fees (2017 – 2019) into 6 instalments (2017 – 2022) together with the interest payment as determined by the NBTC according to the policy rate.
2017	<ul style="list-style-type: none"> ▪ Within the first quarter of 2017, Pranaporn subscribed to the newly issued ordinary shares in the first capital increase of The One Enterprise in the amount of 5,000,000 shares, represented 20.79% of total shares of The One Enterprise at the first capital increase. The purchase price is THB 100.00 per share, totaling THB 500.00 million.

As of 31 December 2016, the Company's registered and paid-up capital was THB 819,949,729, of which 819,949,729 shares were ordinary shares at THB 1.00 per share. The list of the Company's subsidiaries is as follows:

	Company	Ownership Interest (%)	Type of Business
Subsidiaries directly held by the Company			
1	GMM Media Public Company Limited	99.92	Production of radio programmes
2	GMM Holding Company Limited	100.00	Holding company
3	GMM Music Publishing International Company Limited	100.00	Management of music copyrights
4	GMM Tai Hub Company Limited	51.00	Production of films and television programmes
5	Fan TV Company Limited (49% held by GMM Holding Company Limited)	51.00	Production of satellite television programmes
6	3-RD Company Limited	50.00	Providing customer service via telephone
7	GR Vocal Studio Company Limited	100.00	Vocal and music schools
8	GMM CJ O Shopping Company Limited	51.00	Wholesale and retail by using advertising media and receiving phone orders
9	MGA Company Limited	100.00	Currently non-active
10	Digital Gen Company Limited	100.00	Currently non-active
11	Extraorganizer Company Limited	100.00	Currently non-active
12	More Music Company Limited	100.00	Currently non-active
13	GDC Company Limited	100.00	Providing service to game members, distribution of game cards
14	Z Trading Company Limited	100.00	Production and distribution of satellite television and digital TV receivers
15	GMM Channel Trading Company Limited	100.00	Production of digital television programmes
16	Digistream Company Limited	100.00	Providing music in streaming
17	GMM TV Company Limited	100.00	Production of television programmes
18	Deetalk Company Limited	100.00	Production of television programmes
19	GDH 559 Company Limited	51.00	Production of films and television programmes
Subsidiaries held by GMM Media Public Company Limited			
1	A-Time Media Company Limited	100.00	Sub - lease of radio stations
2	Teen Talk Company Limited	100.00	Currently non-active
3	Bliss Publishing Company Limited	100.00	In the process of liquidation

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	Company	Ownership Interest (%)	Type of Business
4	Exact Company Limited	100.00	Production of television programmes
Subsidiaries held by GMM Holding Company Limited			
1	GMM Studio Company Limited	100.00	Currently non-active
2	Grammy Publishing House Company Limited	100.00	Distribution of education publication
3	GMM Fitness Club Company Limited	100.00	Currently non-active
4	Mifah Company Limited	100.00	Currently non-active
5	GMM Digital Domain Company Limited	100.00	Currently non-active
6	Magic Film Company Limited	90.91	Currently non-active
7	Global Music and Media (China) Limited	100.00	Currently non-active
Subsidiaries held by GMM Digital Domain Company Limited			
1	Digital Arms Company Limited	100.00	Currently non-active
Subsidiaries held by GMM Tai Hub Company Limited			
1	Good Things Happen Company Limited	51.00	Provide advertising media, public relations consulting, and organizer
Subsidiaries held by Z Trading Company Limited			
1	G S-one Company Limited	100.00	Currently non-active
2	GMM Z Company Limited	100.00	Satellite television platform provider
Subsidiary held by GMM Channel Trading Company Limited			
1	GMM Channel Company Limited	100.00	Production of digital television programmes
Associates held by the subsidiaries			
1	Scenario Company Limited	25.00	Production of television programmes and plays
2	Nadao Bangkok Company Limited	30.00	Films production and talent agency services
3	Sawasdeethaweek Company Limited	25.00	Design and post production of advertising media and films and public relations for films
4	Siengdeethaweek Company Limited	45.00	Provide recording movie sound and movie advertisement, produce sound and music for movie
5	The Secret Farm Company Limited	35.00	Design and post production of advertising media
6	Ngandeethaweek Company Limited	40.00	Public relation and organizer
7	Goodthing Happen Company Limited	25.00	Provide advertising media, public relation consulting, and organizer
Subsidiary held by the Company			
1	Family Know How Company Limited	50.00	Production of television programmes and publishing media
2	Lucks (666) Satellite Company Limited	25.00	Currently non-active
Associate held by the Company			
1	The One Enterprise Company Limited	51.00	Production of digital television programmes

Source : The Company

2. Overall Business Operations

The Company divided its businesses into two main categories as follows:

1) Core Business consisting of



1.1) Music business

Music business operates under the “Total Music Business” model, including artist selection, music production, marketing, music content management, and product distribution in both physical and digital formats. The business focuses on producing various types of music to satisfy customer demand. The Company has more than 300 artists, singers, actors, and actresses under management, and more than 40,000 songs in its music library. Music business can be arranged

into five sub-businesses as follows: physical products and distribution business, digital content business, copyright management business, showbiz business, and artist management business.

1.2) Digital TV Business

The Company entered into an auction for licenses to use allocated frequencies for National Commercial Digital Television Services and won licenses in two categories: (1) High-Definition for Variety Category; and (2) Standard-Definition for Variety. The Company was granted the right to operate commercial digital television frequencies for 15 years since the grant date. Details of the Company's digital television channels are as follow:

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 programmes that reach all target groups including news, top-rated sitcoms, and prime time dramas under the project "For great dramas, watch Channel One".
Target group	Teenagers and new generation with active lifestyle open up to the new creativity.	Modern mass, families and working people who are modern and have good taste
Began broadcasting	April 2014	April 2014

2) **Other Business** which supports and extends the main business, for sustainable growth of the Company over the long term, consisting of

2.1) Radio business Radio programmes are produced and broadcasted through FM radio stations. In 2015, the Company has three radio stations as follows: (1) Green Wave FM 106.5 MHz. (2) EFM FM 94.0 MHz. and (3) Chill FM FM 89.0 MHz (In 2017, EFM planned move to FM 104.5 MHz. and Chill FM changed to online radio station.)

2.2) Movie business

In 2015, the movie business operated under GTH Company Limited, the Company's subsidiary, and released two films: "Fanday" and "A Gift". The company aims to continue releasing 3-4 high quality films a year. GDH intended to capitalize on its unique capability to produce variety of films.

2.3) Home shopping business

Home shopping business is operated 24 hours through a program channel "O-Shopping" and managed by GMM CJ O Shopping Company Limited. The Company aims to become the leader of Thailand's home shopping business by creating a phenomenon of interactive home shopping experiences and providing candid information about products, called Shopfotainment Channel ("Shopping" "Information" "Entertainment"). The Company focuses on offering various product selections, free-of-charge and fast delivery service all over the country, and multiple payment options, such as credit card or cash on delivery.

2.4) Satellite TV business

Satellite TV business can be divided into two main categories.

- "GMM Z" satellite TV platform The business sells satellite TV set-top-box (STB) to various target audiences as follows:
 - GMM Z HD Slim – the new model, enabling high definition transmission with Full HD 1080P, multiplicative function, high technology and smart remote control, well-organize groups of channels for ease of use.
 - GMM Z HD Lite the model enabling high definition transmission with digital TV compatibility for customers who want to watch a high definition in an affordable price.
 - GMM Z Smart for middle-level customer group, available for both C-Band and KU-Band satellite systems.

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- GMM Z Mini for customers who have limited budgets but want to switch from antenna to satellite television.
 - GMM Z Mini Gold is a new product with gold color façade and handy remote control.
 - GMM Z ZEASON is the digital TV DVB-T2 set top box that enabling high definition Full HD, with a USB Port for watching movies and listening to music, embedded press buttons on cover, PVR system compatible, auto record your favorite contents, Biss Key, no more black screen problem, timeshift system enabling on-and-off broadcasting demand.
 - GMM Z STREAM is the internet protocol TV box with Android 5.1 operating system providing Ultra HD 4K and support Air Mouse Remote.
 - GMM Z HD WISE is the new model enabling high definition Full HD with PVR system, Time Shift system, and multiplicative media playing function.
 - GMM Z Music Box is the new portable jukebox products, offering about 3,200 popular tracks from GMM Grammy artists.
- Satellite TV channel The business produces TV shows to be aired on satellite TV channels transmitted via Thai-Com. By the end of 2016, the Company has produced two free-to-air television programmes as follows:

Channel	Type of Program	Target Audience	First On Air
Fan Music	The Company's Thai music in all categories, including pop, rock, dance, and Thai look thung	General audience	Changed from Fan TV (focusing on Thai look thung) to Fan Music in 2015
Money Channel*	Finance and investments	General audience and professionals with interests on finance and investments	October 2009

Remark: * This channel is jointly-owned (50% each) with the SET, through the Company's subsidiary, Family Know-How Company Limited.

For more details of the nature of business operations of GRAMMY Group, please refer to the Form 56-1 for the year 2016 on the SEC website (www.sec.or.th), the SET website (www.set.or.th) and the GRAMMY's website (www.gmmgrammy.com).

The following table exhibits the revenue structure of the Company and its subsidiaries for the year 2014 – 2016.

Revenue Structure of the Company and Its Subsidiaries for the Year 2014 – 2016

	2014 (restated)		2015		2016	
	THB Mil.	%	THB Mil.	%	THB Mil.	%
Music and digital content business						
Music business	1,490.39	16.1	1,174.21	12.1	844.77	11.3
Digital content business	466.23	5.0	833.47	8.6	789.89	10.8
Showbiz business	886.19	9.6	1,244.02	12.8	1,232.53	16.6
Total	2,842.81	30.7	3,251.70	33.5	2,876.19	38.7
Media business – ONE Channel						
Digital TV business and others	1,377.63	14.9	686.83	7.1	35.50	0.5
Total	1,377.63	14.9	686.83	7.1	35.50	0.5
Media business – GMM 25 Channel						
Digital TV business and others	875.51	9.4	1,044.18	10.8	1,265.59	17.0
Radio business	646.64	7.0	600.34	6.2	506.24	6.8
Total	1,522.15	16.4	1,644.52	17.0	1,771.83	23.8
Product shopping business						
Home shopping business	1,135.25	12.2	1,738.29	17.9	1,710.34	23.0
Satellite TV set-top-box and	1,066.03	11.5	390.98	4.0	354.24	4.8

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	2014 (restated)		2015		2016	
	THB Mil.	%	THB Mil.	%	THB Mil.	%
Satellite TV business						
Total	2,201.28	23.7	2,129.27	21.9	2,064.58	27.8
Other businesses	913.50	9.9	886.00	9.1	546.55	7.4
Interest income	56.60	0.6	19.82	0.2	12.92	0.2
Dividend received	12.36	0.1	-	-	-	-
Gain from sales of the investments	147.05	1.6	228.14	2.4	-	-
Gain associated with the loss of control in subsidiaries	-	-	731.28	7.5	2.56	-
Other income	190.56	2.1	126.01	1.3	119.92	1.6
Total revenue	9,263.94	100.0	9,703.57	100.0	7,430.05	100.0

Source : The Company

3. Shareholders

A list of the Company's major shareholders as of 15 March 2017 (the latest book registration closing date) is as follows:

The Company's Major Shareholders as of 15 March 2017

	Shareholders	Number of Shares	% of Total Shares
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
9	Mr. Rafah Damrongchaitham	9,000,000	1.10
10	Mr. Takonkiet Viravan	6,930,856	0.85

Remark: * The Group of Mr. Paiboon Damrongchaitham comprises of Mr. Paiboon Damrongchaitham holding 392,834,599 shares (accounted for 47.910%), Geurtfah Company Limited** holding 6,139,745 shares (accounted for 0.75%), Mr. Fahmai Damrongchaitham holding 9,000,000 shares (accounted for 1.098%), Mr. Rafah Damrongchaitham holding 9,000,000 shares (accounted for 1.098%) and the other 2 shareholders whose names do not appear in the list of major shareholders, namely, Miss Fahchai Damrongchaitham holding 4,900,000 shares (accounted for 0.6%) and Miss Ingfah Damrongchaitham holding 4,900,000 shares (accounted for 0.60%)

** As of March 15, 2017, shareholders of Geurtfah Company Limited consist of Miss Fahchai Damrongchaitham, Mr. Fahmai Damrongchaitham, Mr. Rafah Damrongchaitham, and Miss Ingfah Damrongchaitham; each holds 25.00% of total shares.

Source : The Company

4. Board of Directors

As of 15 March 2017, the Company's Board of Directors is as follows:

The Company's Board of Directors as of 15 March 2017

	Name	Position
1	Mr. Paiboon Damrongchaitham	Chairman
2	Miss Boosaba Daorueng	Vice Chairman/ Chairman of the Risk Management Committee/ Chairman of the Group Executive Committee
3	Mr. Krij Thomas	Director/ Member of the Risk Management Committee / Chairman of the Corporate Governance and Ethics Committee
4	Mrs. Saithip Montrikul Na Ayudhaya	Director/ Member of the Risk Management Committee
5	Miss Suwimon Chungjotikapisit	Director/ Member of the Nomination and Remuneration Committee

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	Name	Position
6	Mr. Sataporn Panichraksapong	Director
7	Miss Lackana Leelayouthayotin	Director/ Member of the Risk Management Committee/ Member of the Corporate Governance and Ethics Committee
8	Mr.Naris Chaiyasoot	Independent Director / Chairman of the Audit Committee/ Chairman of the Nomination and Remuneration Committee
9	Mrs. Veeranuch Thammavaranucept	Independent Director / Audit Committee/ Member of the Corporate Governance and Ethics Committee
10	Mr. Suvit Mapaisansin	Independent Director / Audit Committee / Member of the Nomination and Remuneration Committee/ Member of the Corporate Governance and Ethics Committee
11	Mr. Chanitr Charnchainarong	Independent Director / Audit Committee

Source : The Company

As of 15 March 2017, directors with signing authority on behalf of the Company:

Miss Boosaba Daorueng or Miss Suwimon Chungjotikapisit has to co-sign with one of the following Directors: Mrs. Saithip Montrikul Na Ayudhaya or Mr. Krij Thomas, or Mr. Sataporn Panichraksapong, on the document with a Company's seal. (In the 2017 Annual General Meeting of Shareholders held on April 28, 2017, there is an agenda to amend the authorized directors of the Company. In such agenda, Mr. Phawit Chitrakorn, the Chief Executive Officer of GMM Music, will be proposed as an authorized director, replacing Mr. Krit Thomas, who is due to retire and does not wish to extend the serving period. Therefore, the authorized directors of the Company will change after the resolution of the shareholders in this agenda).

As of 15 March 2017, the Company's Management Team (according to the definition of management by the SEC) is as follows:

The Company's Management Team as of 15 March 2017

	Name	Position
1	Miss Boosaba Daorueng	Chairman of the Group Executive Committee / Group CEO/ Chairman of the Risk Management Committee
2	Mrs. Saithip Montrikul Na Ayudhaya	Member of the Group Executive Committee / CEO – GMM Chanel Digital TV/ Member of the Risk Management Committee
3	Mr. Takonkiet Viravan	Member of the Group Executive Committee / CEO – GMM ONE Digital TV/ Member of the Risk Management Committee
4	Mr.Pawit Jittakorn	Member of the Group Executive Committee / CEO – GMM Music / Member of the Risk Management Committee
5	Mrs. Karnsuda Saensut	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

5. Summary of Financial Statements and Operating Performance

The following table provides a summary of financial information in accordance with the financial statement of GRAMMY, audited by EY Office Limited, for the year ended 31 December 2014 - 2016.

Summary of Financial Statements and Operating Performance of GRAMMY for the Year 2014 – 2016

GMM Grammy Public Company Limited and its subsidiaries	Consolidated		
Balance Sheet (unit : THB million)	2014 (restated)	2015	2016
Assets			
Cash and cash equivalents	864.53	1,058.81	868.82
Trade and other receivables	2,239.27	1,414.96	1,397.27
Inventories	629.25	300.99	370.80
Other current assets	1,559.52	571.75	607.74
Total current assets	5,292.57	3,346.51	3,244.63

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GMM Grammy Public Company Limited and its subsidiaries	Consolidated		
Balance Sheet (unit : THB million)	2014 (restated)	2015	2016
Investments in joint ventures	326.15	616.36	263.23
Investments in associates	277.59	275.72	276.67
Long-term investment	1,286.43	3.50	3.66
Property, plant and equipment	1,428.85	524.05	429.88
Cost of digital TV licenses	4,685.38	1,739.14	1,608.50
Other non-current assets	1,164.37	1,084.34	1,422.02
Total non-current assets	9,168.77	4,243.11	4,003.96
Total assets	14,461.34	7,589.62	7,248.59
Liabilities			
Bank overdraft and short-term loans	964.06	3.00	322.91
Trade and other payables	1,801.36	1,489.01	1,210.40
Current portion of cost of digital TV licenses	916.38	409.81	409.88
Current portion of long-term loans	30.00	-	1,497.18*
Other current liabilities	756.40	664.85	738.90
Total current liabilities	4,468.20	2,566.67	4,179.27
Long-term loans - net of current portion	3,325.27	1,625.55	597.21
Cost of digital TV licenses payable – net of current portion	2,830.40	1,024.31	679.91
Other non-current liabilities	353.16	339.41	323.76
Total non-current liabilities	6,508.83	2,989.27	1,600.88
Total liabilities	10,977.03	5,555.94	5,780.15
Shareholders' equity			
Issued and fully paid	819.95	819.95	819.95
Share premium	5,979.80	5,978.13	5,978.13
Retained earnings	(3,310.92)	(4,508.81)	(5,028.96)
Other components of shareholders' equity	(445.52)	(467.05)	(466.95)
Equity attributable to owners of the Company	3,043.31	1,822.22	1,302.17
Non-controlling interests of the subsidiaries	441.00	211.46	166.27
Total shareholders' equity	3,484.31	2,033.68	1,468.44
Total liabilities and shareholders' equity	14,461.34	7,589.62	7,248.59

Remark * since some financial ratios were not in accordance with the covenants of the bank, thus, such loans were presented as current portion of long-term loans. On February 24, 2017, the bank granted the waiver for maintaining financial ratios. As a result, such loans are now re-classified back to long-term loans as before.

GMM Grammy Public Company Limited and its subsidiaries	Consolidated		
Income Statement (unit : THB million)	2014 (restated)	2015	2016
Sales of goods	2,677.33	2,743.01	2,407.78
Service income	5,348.11	4,606.89	3,638.74
Revenues from copyrights	831.94	1,248.43	1,248.12
Other income	406.56	1,105.24	135.40
Total revenue	9,263.94	9,703.57	7,430.04
Cost of sales and services	6,223.41	5,742.91	4,586.31
Selling and servicing expenses	815.16	638.89	526.50
Administrative expenses	2,979.10	2,889.16	2,335.08
Loss on impairment of other long-term investments	-	1,030.34	-
Total expenses	10,017.67	10,301.30	7,447.88
Share of profit (loss) from investments in associates	14.35	4.51	16.62
Share of profit (loss) from investments in joint ventures	10.15	(337.73)	(353.13)
Loss before finance cost and income tax expenses	(729.23)	(930.95)	(354.36)
Finance cost	(458.53)	(271.59)	(188.17)
Loss before income tax expenses	(1,187.76)	(1,202.54)	(542.53)
Income tax expenses	71.39	67.31	9.13

The opinions of IFA on the acquisition of asset and the connected transaction
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GMM Grammy Public Company Limited and its subsidiaries	Consolidated		
Income Statement (unit : THB million)	2014 (restated)	2015	2016
Loss for the year from continuing operations	(1,116.37)	(1,135.23)	(533.40)
Loss for the year from discontinued operations	(1,229.00)	-	-
Loss for the year	(2,345.37)	(1,135.23)	(533.40)

GMM Grammy Public Company Limited and its subsidiaries	Consolidated		
Cash Flow Statement (unit : THB million)	2014 (restated)	2015	2016
Net cash flows from (used in) operating activities	(2,120.93)	371.14	(402.00)
Net cash flows from (used in) investing activities	(677.88)	797.51	(563.17)
Net cash flows from (used in) financing activities	2,130.32	(972.88)	775.02
Increase (decrease) in translation adjustments	(0.11)	(1.49)	0.17
Net increase (decrease) in cash and cash equivalents	(668.60)	194.28	(189.99)

GMM Grammy Public Company Limited and its subsidiaries	Consolidated		
Financial Ratio	2014 (restated)	2015	2016
LIQUIDITY RATIO			
Current ratio (times)	1.18	1.30	0.78
Quick ratio (times)	1.04	1.19	0.48
Cash flow ratio (times)	(0.27)	0.21	(0.03)
Account receivable turnover (times)	5.06	6.88	7.46
Average collection period (days)	71	52	49
Inventory turnover (times)	9.97	12.35	13.65
Inventory days (days)	36	29	27
Account payable turnover (times)	3.91	4.82	4.79
Average payment period (days)	92	75	76
Cash Cycle (days)	15	7	(1)
PROFITABILITY RATIO			
Gross profit margin (%)	29.74	33.21	37.13
Net profit margin (%)	(8.14)	(6.16)	(0.41)
Return on equity (%)	(26.04)	(11.80)	(7.00)
Net profit margin (%)	(79.24)	(47.09)	(33.30)
EFFICIENCY RATIO			
Return on assets (%)	(17.83)	(10.39)	(7.01)
Asset turnover (times)	0.68	0.88	1.00
FINANCIAL POLICY RATIO			
Debt to equity ratio (times)	3.15	2.73	3.94
Dividend payout ratio (%)	-	-	-

Explanation and Assessment of Financial Statements and Operating Performance of GRAMMY

Operating Performance

Revenue

During 2014 – 2016, the Company has total revenue of THB 9,263.94 million, THB 9,703.57 million and THB 7,430.04 million, respectively. The Company generates revenue through music business, Digital TV business, radio media business, movie business, home shopping business, and Satellite TV business. The total revenue in 2015 slightly increased compared to 2014 by 4.75% or THB 439.63 million driven by a strong growth in music business, especially the impressive growth of digital music through social media platform. Also, home shopping business achieved operating results as planned, while revenue from digital TV trended upward. Additionally, the Company Group recorded revenue from sales of investments in subsidiaries according to investment policy of the Company. However, there was a classification of investment in The One Enterprise as the Investment in Joint Venture and started to account for by using the equity method, so the financial information of ONE digital TV was deconsolidated.

For the total revenue in 2016 compared to 2015, excluding gains from sales of investments and restructuring in the previous year, total revenue declined by 4.09% or THB 372.74 million, due to the slowdown of advertising industry in the late 2016.

Cost of sales and expenses

In 2014 – 2016, the Company had cost of sales and services of THB 6,223.41 million, THB 5,742.91 million and THB 4,586.31 million, respectively. As a percentage of sales of goods, service income and revenue from copyrights, cost of sales and services accounted for 70.26%, 66.79% and 62.87% in each year respectively. In 2015, the Company had lower proportion of cost of sales and services compared to the previous year due to lower costs in satellite box business “GMM Z”. Meanwhile, music and movie businesses exhibited better cost control; although revenues declined, gross margin rose. However, cost of sales and services for digital television business rose because of the increase in cost of MUX and cost of TV program production. Home shopping business also incurred higher cost in line with its higher revenue.

In 2016, proportion of cost of sales and services still declined continuously from the previous year due to an efficient cost control in digital television business as well as a significant increase in revenue. Similarly, movie business kept costs well under control in spite of lower revenue, which led to an improvement in gross margin compared to the previous year. Meanwhile, product selection and sales strategy for home shopping business has helped bringing higher level of profitability.

Selling expenses, servicing expenses and administrative expenses in 2014 – 2016 were THB 3,794.26 million, THB 3,528.05 million and THB 2,861.58 million, respectively. As a percentage of sales of goods, service income and revenue from copyrights, Selling expenses, servicing expenses accounted for 40.95%, 36.36% and 38.51% in each year respectively. The decline in 2015 expenses were resulted from the drop in marketing expenses in music, media and satellite box businesses. Nonetheless, selling expenses for home shopping and digital TV businesses were reported higher following their higher revenues. Following the more efficient cost control and business restructuring, total selling expenses, servicing expenses and administrative expenses in 2016 declined by 18.89% or THB 666.47 million

Loss

In 2014 – 2016, the Company’s net loss were THB 2,345.3 million, THB 1,135.23 million and THB 533.40 million in each year, respectively. Loss in such periods were due to net loss from pay TV business during the first half of 2014 and lower advertising revenues. Meanwhile, the costs incurred in digital television business increased e.g. cost of TV program production, together with the rising financial costs. Moreover, the loss from 2015 was resulted from the Company’s accounting adjustments of setting up a provision for impairment of long-term investment in Pay TV business of THB 1,030 million, together with the recognition of digital TV licenses at present value in compliance with accounting principles published on February 8, 2016 by Accounting Standards Board, leading to THB 92 million loss incurred. However, loss in 2015, was improved from last year due to efficiency in cost management as well as a strong recovery of music business, although digital TV business still incurred loss as it was still in an early phase of investment. For 2016, the loss improved due to an upward trend in digital TV business. And also, sales and cost control in music and other businesses continuously improved.

Financial Position

Assets

Total assets as of December 31, 2014 – 2016 were THB 14,461.34 million, THB 7,589.62 million and THB 7,248.59 million respectively. Current assets accounted for 36.60%, 44.09% and 44.76% of total assets in each year respectively. Primary components of current assets are trade receivables and other receivables from media, radio, movie, and trading businesses. The decreases in current assets in 2015 was due to debt repayment, sales of temporary investments, payments for the second tranche of digital TV licensing fees, decline in trade receivables and inventories. For 2016, current assets declined because of the payment made for contents and copyright costs, decline in trade receivables, and payments for the third tranche of digital TV licensing fees.

Meanwhile, non-current assets at the end of 2014 – 2016 accounted for 63.40%, 55.91% and 55.24% of total assets in each year respectively. In 2015, non-current assets relatively declined due to sales of investment in SE-

ED shares, disposal of investment in publishing business, Index Creative Village and K-Arena in which the sale proceeds were used to repay short term loan as well as working capital. Additionally, loss on impairment of investment in CTH was recorded and there was a reclassification of investment in The One Enterprise as the Investment in Joint Venture, together with the recognition of digital TV licenses at present value in compliance with the new accounting principles. In 2016, there was a disposal of assets of non-operating business, resulted in a drop in non-current assets. Investment in joint venture increased in 2015 due to the subscription of newly issued shares in The One Enterprise and then decreased in 2016 due to the share of loss from investment in The One Enterprise.

Liabilities

As of December 31, 2014 – 2016, the Company had total liabilities of THB 10,977.03 million, THB 5,555.94 million and THB 5,780.15 million, respectively. Current liabilities contributed to 40.71%, 46.20% and 72.30% of total liabilities in each year while non-current liabilities contributed to 59.29%, 53.80% and 27.70% of total liabilities in each year. Total liabilities in 2015 declined from 2014 by 49.39% or THB 5,421.09 million due the repayment of matured loans and the decrease of liabilities from digital TV licenses after the reclassification of the investment in The One Enterprise as Investment in Joint Venture. Meanwhile in 2016, total liabilities increased due to the additional bank loan drawdown to pay for digital TV licensing fees as well as to be used as working capital in digital TV business. Considering only the current liabilities in 2016, the amount increased because the financial ratios of certain parts of digital TV business did not meet the bank's required covenants as of December 31, 2016, as a result, certain long-term loan is classified as current portion of long-term loans matured within 1 year until the waiver from bank is obtained. This is incompliance with general accepted accounting principle. On February 24, 2017, the bank issued the waiver letter for the covenants on financial ratios for both digital TV channels. As a result, the Company reclassifies such loans back to long-term loans.

Shareholders' equity

Shareholders' equity as of December 31, 2014 – 2016 were THB 3,484.31 million, THB 2,033.68 million and THB 1,468.44 million, respectively. In 2015, shareholders' equity decreased by 41.63% or THB 1,450.63 million because the Company incurred loss during the year. Also, the Company's shareholders' equity also declined further in 2015 due to the Company's retained loss. As of December 31, 2016, shareholders' equity decreased by 27.79% or THB 565.23 million due to higher retained loss from operating loss during the year. In 2016, the Company was able to maintain interest bearing debt to capital ratio within the range defined in the loan agreement.

Liquidity

For the 2014 and 2016, the Company's net cash flows used in operating activities were THB 2,120.93 million and THB 402 million respectively. While in 2015, the Company had net cash flows from operating activities of THB 371.15 million. Net cash flows used in investing activities during 2014 and 2016 were THB 677.88 million and THB 563.17 million respectively. The main portion of net cash flows used in investing activities was to purchase new equipment and temporary investment as well as to pay for digital TV licensing fees. In 2015, the Company had net cash flow from investing activities of THB 797.51 million, primarily from sale of investments in subsidiaries and joint ventures. This was resulted from a re-classification of investment in The One Enterprise as Investment in Joint Venture. In 2014, net cash flow from financing activities was THB 2,130.32 million, mainly from the capital increase proceeds. In 2016, net cash flow from financing activities was THB 775.02 million, mainly from the additional drawdown of bank loan. Meanwhile, in 2016, net cash flow used in financing activities was THB 972.88 million.

6. Industry Review

Since the Group is the producers and servicers of different media entertainment such as music, television programmes, radio programmes, motion pictures, magazines and live concert etc., the main revenue of the Group is its products' sale including airtime commercial and advertising spaces through different media channels. Thus the Group's revenue is closely tied to the development of domestic economy and the increasing of advertising budgets.

Thai economic outlook for 2016

According to the economic report by the Office of the National Economic and Social Development Board (“NESDB”) in February 2017, Thai economy in 2016 grew by 3.2%, improving from 2.9% growth in 2015. The economic growth in 2016 is supported by (1) Private consumption grew by 3.1% compared to 2.2% growth in 2015. This is due to the end-of-year economic stimulus measures (a tax measure for year-end shopping and domestic tourism) by the government as well as the improvement of overall agricultural prices. In 2016, agricultural products expanded by 0.6%. Meanwhile, agricultural price index and farmers’ income index rose by 4.0% and 2.8%, respectively, compared to 2015. (2) Total investments grew by 2.8%. Public investments increased by 9.9%, private investments increased by 0.4%, and value of projects applied for investment promotion from the Thai Board of Investment (BOI) was THB 584.4 million, increased by 172.1% compared to 2015. In the same period, investments in construction grew by 8.3% with public construction and private construction accounted for 14.0% and 1.1% growth, respectively. (3) Export value stabilized at 0.0%, improving from a decline of 5.6% in 2015. This is a result of the growth in export volumes by 0.1% while export price fell 0.1%. (4) Industrial production expanded from 2015 by 1.4% following the improvements of export and continuously rising domestic demand. (5) Hotel and restaurant sector expanded by 10.3%. Income from tourism sector in 2016 was THB 2,510.8 billion, increased from 2015 by 11.1%.

For industrial investment and investment promotion in 2016, based on the information from BOI, the value of projects approved in 2016 were 1,688 projects at a total investment value of THB 861,340 million, which increased from 2015 of 2,237 projects at a total investment value of THB 803,740 million. Among the projects approved in 2016, the central of Thailand has the most approved projects of 807 with a total investment value of THB 149,950 million. Meanwhile, the Eastern is ranked second with 444 projects with a total investment value of THB 405,750 million.

Economic projection for 2017

Thai economy in 2017 is projected to grow in the range of 3.0%-4.0%, improving from 2.9% and 3.2% of growth during 2015 and 2016, respectively. The export value in 2017 is expected to grow by 2.9%. At the same time, private consumption and total investment are expected to grow by 2.8% and 5.3%, respectively. The headline inflation rate will be in the range of 1.2%-2.2% and the current account will record a surplus of 9.4% to GDP due to the following factors.

- Expansion of export sector has become more pronounced following a gradual recovery of the global economy since the second half of 2016 particularly the US, the EU, Japan, and major economies in Newly Industrialized Economies (NIES), and ASEAN which has begun to accelerate. These will support the Thai manufacturing sector and private investment to gradual gradually improve.
- The agricultural production tends to accelerate after severely affected by the drought conditions. The improvement of agricultural production will generate higher level of income and spending of agricultural households (which provides 32.5% of total labor force) and thus will contribute to higher economic expansion.
- Public investment continues to remain a key growth contribution in line with the budget framework of THB 546 billion from the annual budget and THB 580 billion from the SOEs budget. Key supporting factor include the progresses of (1) the implementation of the 2016 transport infrastructure action plan (urgent phase) under 20 priority projects with total investment value of THB 1.4 trillion, which continues to be implemented in 2017. (2) the implementation of the 2017 transport infrastructure action plan under total 36 priority projects with total investment value of THB 895.757 billion and (3) the urgent development projects under the Eastern Economic Corridor (EEC) development plan (2017-2021) of 48 projects with THB 6.992 billion investment value.
- The FY2017 supplementary budget of THB 190 billion and the tourism receipts which tend to expand favorably. In 2017, tourism receipts are expected to reach approximately THB 1.93 trillion, or 9.8% growth from THB 1.76 trillion in 2016.

In January 2017, the BOI approved projects was 112 projects at a total investment value of THB 17,550 million, increase from the same period last year of 105 projects at a total investment value of THB 10,060 million. The central of Thailand still has the highest number of approved projects in January 2017 which is 44 projects with a total investment value of THB 3,130 million. Meanwhile, the Eastern is ranked second, having 22 approved projects, but at the highest investment value of THB 5,170 million.

Advertising industry

Total value of advertising through all channels in 2016 based on the research of AGB Nielsen Media Research (Thailand) Ltd. ("Nielsen") published by the Advertising Association of Thailand, was THB 107,896 million, decreased by 11.69% compared to the same period last year which was THB 122,175 million. Television remains a primary channel with advertising value of THB 71,009 million in 2016 or represented 65.81% of total advertising value. From such amount, advertising via analog TV, digital TV, and cable and satellite TV were THB 47,121 million, THB 20,393 million, and THB 3,495 million, respectively. Although advertising through all television channels declined from 2015. However, advertising through digital TV declined the least at 2.57% compared to advertising through analog TV which declined at 17.92% and cable and satellite TV which declined at 42.28%. This is partly because of the re-allocation of advertising budget to Digital TV after increasing accessibility of households to digital TV. Moreover, high growth channels are internet, outdoor, and transit, which increased from 2015 by 63.61%, 35.20%, and 18.39%, respectively. Meanwhile, magazine, newspaper, and radio channels decreased from 2015 by 31.37%, 20.12%, and 7.28%, respectively. The reason for a decline in advertising value during 2016 from 2015 was the volatility of the domestic economy that has not been fully recovered together with the special occurrence in Thailand during October – November 2016. The Media Agency Association of Thailand forecasted that in 2017, the industry will expand in the range of approximately 3%-5% from 2016 following the economic expansion as mentioned above. For the latest data of advertising value in January – February 2017, it was THB 16,113 million, close to the total advertising value of the same period last year which was THB 16,817 million. Growing channels include in-stores at 43.30%, cinema at 35.40%, outdoor at 21.99%, transit at 7.11%, and television (Digital TV) at 6.79%. At the same time, advertising through analog TV, cable and satellite TV, magazine, newspaper, and radio all declined comparing to the same period last year.

Value of Advertisement through Different Media Channels during 2015 – 2016 and January – February 2017

Media (Unit : THB Million)	2015	2016	% Change	Jan –Feb 2016	Jan –Feb 2017	% Change
Television (Analog TV)	57,412	47,121	-17.92	7,680	6,948	-9.53
Television (Cable TV and Satellite TV)	6,055	3,495	-42.28	680	541	-20.44
Television (Digital TV)	20,931	20,393	-2.57	3,123	3,335	6.79
Radio	5,675	5,262	-7.28	769	653	-15.08
Newspaper	12,323	9,843	-20.12	1,525	1,273	-16.52
Magazine	4,268	2,929	-31.37	472	300	-36.44
Cinema	5,133	5,445	6.08	695	941	35.40
Outdoor ¹	4,190	5,665	35.20	782	954	21.99
Transit ¹	4,486	5,311	18.39	759	813	7.11
In-Stores ²	645	700	8.53	97	139	43.30
Internet ³	1,058	1,731	63.61	237	217	-8.44
Total	122,175	107,896	-11.69	16,817	16,113	-4.19

- Remark
- 1 Since January 2016, the research is expanded to cover outdoor and transit (such as large billboard advertising and billboard advertising in airports at different provinces).
 - 2 Since June 2016, radio channels in BigC and convenient stores such as 7-11 are included and since May 2015, advertising channels in Lotus and BigC are excluded.
 - 3 Since June 2016, the research is expanded to cover 50 websites and top 10 mobile websites.

Source : Media Agency Association of Thailand

In this regards, the rating survey for February 2017 conducted by Nielsen, which is publicly available information, reveals the average rating during the 18 hours air time (between 6.00 a.m. – 12.00 a.m.) of the first 13 television channels, ranked according to household locations, are presented below.

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Average TV RATING:(6-24:00)(1-28 February60)

15+ Nationwide			Bangkok			Urban			Rural		
Rank	Channel	Rating	Rank	Channel	Rating	Rank	Channel	Rating	Rank	Channel	Rating
1		2.841	1		2.873	1		2.865	1		2.926
2		1.882	2		2.446	2		2.648	2		1.199
3		1.490	3		1.955	3		1.705	3		1.178
4		0.858	4		1.020	4		0.922	4		0.727
5		0.772	5		0.722	5		0.693	5		0.752
6		0.686	6		0.584	6		0.654	6		0.623
7	Boomerang	0.391	7	Boomerang	0.475	7	Boomerang	0.515	7	Boomerang	0.565
8		0.359	8		0.366	8		0.341	8		0.334
9		0.322	9		0.351	9		0.337	9		0.271
10		0.283	10		0.324	10		0.323	10		0.237
11		0.242	11		0.297	11		0.307	11		0.222
12		0.238	12		0.314	12		0.230	12		0.196
13		0.208	13		0.248	13		0.216	13		0.185

In March 2017, rating survey conducted by Nielsen revealed that the average rating of the primetime (6.20 pm – 10.30 pm) and the average rating of 24 hours air time (6.00 am – 12.00 am) of ONE channel was no. 4 and no. 5, respectively, for the surveys of households in the entire country, in Bangkok, in Bangkok's vicinity, and in other provinces.

TV RATING: 15+ Nationwide (1-31)March'60						
เวลา						
06:00-24:00	2.969	1.837	1.560	0.826	0.736	0.671
primetime						
18:20-22:30	6.344	3.979	3.180	1.831	1.351	1.204
TV RATING: Bangkok (1-31)March'60						
เวลา						
06:00-24:00	2.897	2.652	2.120	1.015	0.750	0.623
primetime						
18:20-22:30	5.245	4.877	4.209	1.559	1.484	0.982

TV RATING: Urban (1-31)March'60						
เวลา						
06:00-24:00	2.924	2.581	1.810	0.870	0.681	0.661
primetime						
18:20-22:30	5.100	4.240	4.231	1.511	1.238	0.972
TV RATING: Rural (1-31)March'60						
เวลา						
06:00-24:00	3.094	1.280	1.157	0.727	0.705	0.592
primetime						
18:20-22:30	7.251	3.409	2.372	1.899	1.336	1.295

Enclosure 2 : General Information of The One Enterprise Co., Ltd.

1. History of The One Enterprise Co., Ltd.

The One Enterprise was established with registered capital of THB 1 million on 6 September 2013, to produce radio and high-definition programmes. The key historic milestones and events related to The One Enterprise's changes in capital and operations are as follows:

2013	<ul style="list-style-type: none"> In September 2013, The One Enterprise was established under the name GMM HD Digital TV Trading Company Limited with registered capital of THB 1 million. The One Enterprise also established a subsidiary called GMM ONE TV Company Limited ("GMM ONE TV") with registered capital of THB 1 million. In October 2013, The One Enterprise and GMM ONE TV increased the registered capital to THB 200 million. In December 2013, GMM ONE TV entered into an auction for licenses to use allocated frequencies for national commercial digital television services under high-definition (HD) for variety category for THB 3,320 million.
2014	<ul style="list-style-type: none"> On 7 February 2014, GMM ONE TV paid the first installment of the license fee to operate on Digital Television Services for THB 936 million to the Office of the National Broadcasting and Telecommunications Commission. The license was granted on 25 April 2014 for the 15-year right to operate from 25 April 2014 to 24 April 2029. In April 2014, The One Enterprise and GMM ONE TV increased the registered capital to THB 400 million. GMM ONE TV had a trial broadcast for its ONE Channel during 1 – 24 April 2014 and officially broadcasted on 1 May 2014. In June 2014, The One Enterprise changed its name from GMM HD Digital TV Trading Company Limited to GMM ONE TV Trading Company Limited.
2015	<ul style="list-style-type: none"> In March 2015, The One Enterprise increased its registered capital to THB 900 million . In April 2015, The One Enterprise invested in Exact Scenario Company Limited with 100% shareholding interest, by acquiring shares hold by GMM Grammy Public Company Limited. In May 2015, The One Enterprise changed its name from GMM ONE TV Trading Company Limited to The One Enterprise Company Limited. In June 2015, The One Enterprise invested in Me Miti Company Limited with 70% shareholding interest, by acquiring shares hold by GMM Media Public Company Limited. In August 2015, The One Enterprise and GMM ONE TV increased the registered capital to THB 1,500 million and THB 1,200 million respectively. In September 2015, The One Enterprise increased its registered capital to THB 1,905 million and invested in ACTS STUDIO COMPANY LIMITED with 100% shareholding interest, by acquiring shares hold by GMM Grammy Public Company Limited and Scenario Company Limited.
2016	<ul style="list-style-type: none"> In October 2016, the Board of Directors' meeting of The One Enterprise No. 12/2016 held on October 25, 2016 resolved to approve the increase in registered capital by THB 1,905.00 million by issuing 19,050,000 newly issued shares at a par value of THB 100.00 each to the existing shareholders (the Company and the group of Mr. Takonkiet Viravan) as well as Pranaporn, which will become the shareholder of The One Enterprise. After the capital increase, which will be divided into 2 stages, The One Enterprise's registered capital will be a total of THB 3,810 million. The Company, Mr. Takonkiet's Group, and Pranaporn will hold 25.50%, 24.50%, and 50.00% of registered shares, respectively. All shareholding parties will jointly be liable for the guarantee obligations and debts of The One Enterprise Group (consisting of The One Enterprise, GMM One TV Co., Ltd., and/or companies in the group in which The One Enterprise holds more than 50% of registered capital) to the financial institution proportionate to the shareholdings in The One Enterprise. In December 2016, according to the order of the National Council for Peace and Order No.76/2016 dated December 20, 2016, it resolved to extend the period of the remaining 3 instalments of the digital television licensing fees (2017 – 2019) into 6 instalments (2017 – 2022) together with the interest payment as determined by the NBTC according to the policy rate.

	<ul style="list-style-type: none"> In December 2016, The One Enterprise sold 27,000 shares of Me Mi Ti Co., Ltd. to a third party. As a result, The One Enterprise had a declining shareholding percentage in Me Mi Ti Co., Ltd. from 70.00% to 25.00%.
2017	<ul style="list-style-type: none"> Within the first quarter of 2017, Pranaporn subscribed to the newly issued ordinary shares in the first capital increase of The One Enterprise in the amount of 5,000,000 shares, represented 20.79% of total shares of The One Enterprise at the first capital increase. The purchase price is THB 100.00 per share, totaling THB 500.00 million.

As of 31 March 2017, The One Enterprise's registered and paid-up capital was THB 2,405 million, of which 24,050,000 were ordinary shares at THB 100.00 per share. On March 3, 2016, the Board of Directors' Meeting No.2/2016 passed a resolution granting approval for The One Enterprise to issue THB 1.00 billion of senior secured registered debenture with a debenture holders' representative. Detail of The One Enterprise's debenture as follow:

- Debenture No.1/2016 of THB 410.00 million which offered to private placement up to 10 people. The debenture has the tenure of 2 years and bear interest at a rate of 5.75% per annum. The terms of interest payment is every 3 months and the principal is to be redeemed on the debenture redemption date (on May 11, 2018).
- Debenture No.2/2016 of THB 90.00 million which offered to private placement up to 10 people. The debenture has the tenure of 2 years and bear interest at a rate of 5.75% per annum. The terms of interest payment is every 3 months and the principal is to be redeemed on the debenture redemption date (on September 16, 2018)

The One Enterprise's debenture contains terms of issue relating to the transfer or disposal of assets and the maintenance of a certain financial ratio at the rate prescribed in the agreements.

The list of The One Enterprise's subsidiaries is as follows:

Company	Ownership Interest (%)	Type of Business
1. GMM ONE TV Company Limited Registered capital of THB 1,200 million	100.00	Production of digital television programmes
2. Exact Scenario Company Limited Registered capital of THB 1 million	99.98	Produces artist and provides artist management services e.g. actors, singers, TV hosts, news anchors, models, etc.
3. ACTS STUDIO Company Limited Registered capital of THB 405 million	99.99	Studio leasing for the production of television programs, TV dramas, movies, and commercials as well as print advertising for different occasions. The property includes 9 buildings, located on 33 rais area. Each building has its own unique design such as Rajdamnern studio (replicating European modern architecture), Charoen Krung studio (replicating ancient buildings in Charoen Krung area), Sukhumvit studio (modern building with contemporary interior), etc.

Remark The One Enterprise has a shareholding in Me Mi Ti Co., Ltd., the producer of television programs, of 25.00%
Source : GRAMMY's financial statements for the Year 2015 and www.bol.co.th

2. Overall Business Operations

The One Enterprise and its subsidiaries are mainly engaged in the production and broadcast of digital television programmes, which includes related businesses such as artist management and event management businesses. GMM ONE TV, a subsidiary of The One Enterprise, holds the license to use allocated frequencies for national commercial digital television services under high-definition (HD) for variety category. The license grants the 15-year right to operate from 25 April 2014 to 24 April 2029. Its "ONE" digital TV channel is aired under the channel number 31. This ONE channel is managed by Mr. Takonkiet Viravan.

The ONE channel firmly concentrates on providing full entertainment services such as drama series, variety shows, news, talk shows, music and concerts, and live sports, etc. The production style and programmes are

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various; for example, television programmes produced by GMM ONE TV, purchases of television contents from the Group, purchases of copyrighted programmes from overseas, co-production of television programmes, etc. Currently, the channel "ONE" is broadcasted 24 hours a day, and the TV programme of ONE channel in April 2017 is as follows:

TV Programme of ONE Channel in April 2017

one 31									ผังรายสัปดาห์ 3 - 9 เมษายน 2560		
TIME	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY	TIME			
05.00-05.30	SHOPPING Live Smart					วันนี้..มีธรรม		05.00-06.00			
05.30-06.00	HEALTHY WORKSHOP							06.00-06.30			
06.00-08.00						การสวดมนต์ขึ้น พระมหากษัตริย์		06.30-07.00			
08.00-08.05	DOCTOR SMITH					การสวดมนต์ขึ้น ชุด เมืองรัตนคีรีแห่งจิตตนคร		07.00-08.00			
08.05-10.00	ละคร ดอกโศก					ศึกเทพยุทธภูมิกษัตริย์		08.00-09.00			
10.00-10.55	ศึกวันดวลเพลง เงินล้าน					View 48 ชั่วโมง	เป็นต่อ	09.00-10.00			
10.55-11.30	4 ต่อ 4 FAMILY GAME					รักแท้ ไม่เปลี่ยน	บางรักซอย 9/1	10.00-10.30			
11.30-11.45	ชวนวันบันเทิง					4 ไฟดำ การละคร	สูตรรักสุขภาพ	10.30-11.00			
11.45-12.30								11.00-12.00			
12.30-13.00	นักค้นคว้า							12.00-13.00			
13.00-14.25	ละคร เงาใจ				Top Chef	แฟนคลับ สลับรัก		13.00-14.00			
14.25-14.30	DOCTOR SMITH					life CYCLING		14.00-17.00			
14.30-15.00	SHOPPING Live Smart					ละคร เพชรฆาตดาวโจร					
15.00-15.05	ชวนวันบันเทิง					ละคร เพชรฆาตดาวโจร		17.00-18.00			
15.05-16.05	ละคร หีบหลอนซ่อนวิญญาณ	ละคร โรงแรมผี			ชวนวันบันเทิง						
16.05-16.35	ละคร คำทองแผ่นดิน	CU On The Road			ชวนวันบันเทิง		18.00-18.20				
16.40-17.40						ชวนวันบันเทิง		18.20-20.00			
17.40-18.00	ชวนวันบันเทิง					ชวนวันบันเทิง					
18.00-18.20	ชวนวันบันเทิง					ชวนวันบันเทิง		20.00-21.50			
18.20-19.00	4 ต่อ 4 FAMILY GAME										
19.00-19.45	ศึกวันดวลเพลง เงินล้าน					ศึกวันดวลเพลง เงินล้าน		21.50-22.00			
19.45-20.30											
20.30-21.50	ศึกวันดวลเพลง เงินล้าน					ศึกวันดวลเพลง เงินล้าน		22.00-00.00			
21.50-22.00	ชวนวันบันเทิง					ชวนวันบันเทิง					
22.00-00.00	แฟนคลับ สลับรัก										
00.00-00.30	SHOPPING					SHOPPING		00.00-00.30			
00.30-01.30	High light ฟุตบอลโลก รอบคัดเลือก โซนยุโรป	เฮอร์เฮง	ผู้กองเจ้าเสน่ห์	เขียนแะฮุตร	MX Muay Xtreme	MX Muay Xtreme					
01.30-01.40	TV DIRECT					MX Muay Xtreme		00.30-04.00			
01.40-03.40	ตบ! แต่เช้า					MX Muay Xtreme					
03.40-04.00	MX Muay Xtreme					MX Muay Xtreme		04.00-05.00			
04.00-05.00	วันนี้..มีธรรม					วันนี้..มีธรรม					

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3. Shareholders

A list of shareholders of The One Enterprise as of 3 April 2017 is as follows:

Shareholders of The One Enterprise as of 3 April 2017

	Shareholders	Number of Shares	% of Total Shares
1	GMM Grammy Public Company Limited	9,715,497	40.40
2	Group of Mr. Takonkiet Viravan	9,334,500	38.81
	Scenario Company Limited ¹	6,634,500	27.58
	Mr. Takonkiet Viravan	1,500,000	6.24
	Wan Tam Dee Company Limited ²	1,200,000	4.99
3	Prananporn Co., Ltd. ³	5,000,000	20.79
4	Miss Boosaba Daorueng	2	0.00
5	Mrs. Montana Thawaranont	1	0.00
	Total	24,050,000	100.00

Remark ¹ As of 30 April 2016, shareholders of Scenario Company Limited consist of Mr. Takonkiet Viravan holds 52.50%, GMM Media Public Company Limited holds 25.00% and others hold 22.50% of total shares (other shareholders of Scenario are individuals who are not considered as connected persons of the Company or Mr. Takonkiet's Group).

² As of 30 April 2016, shareholders of Wan Tam Dee Company Limited is Viravan Family which directly and indirectly holds 74.17% of total shares

³ Miss Poramaporn Prasarttong Osoth as major shareholder holding 99.98 % of total shares

Source : The Company

4. Board of Directors

As of 3 April 2017, the Board of Directors of The One Enterprise is as follows:

Board of Directors of The One Enterprise as of 3 April 2017

	Name	Position
1	Miss Boosaba Daorueng	Director
2	Mrs. Karnsuda Saensut	Director
3	Miss Lakkhana Leelayutthayothin	Director
4	Miss Chitlada Hengyotmak	Director
5	Mr. Takonkiet Viravan	Director
6	Mrs. Kanika Viravan	Director
7	Mr. Piya Sosothikul	Director

Source : www.bol.co.th

Binding signatories are as follows:

Group 1 – Miss Boosaba Daorueng, Mrs. Karnsuda Saensut, and Miss Chitlada Hengyotmak

Group 2 – Mr. Takonkiet Viravan, Mrs. Kanika Viravan, and Mr. Piya Sosothikul

Joint signatures of one member of Group 1, and one member of Group 2, when affixed with the company's seal

5. Summary of Financial Statements and Operating Performance

The following table provides a summary of financial information in accordance with the financial statement of The One Enterprise, audited by EY Office Limited, for the year ended 31 December 2014 - 2016.

**Summary of Financial Position and Operating Performance of
The One Enterprise for the year ended 2014 - 2016**

The One Enterprise Company Limited and its subsidiaries	Consolidated		
Balance Sheet (Unit : THB million)	2014	2015	2016
Assets			
Cash and cash equivalents	43.85	196.25	176.60

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The One Enterprise Company Limited and its subsidiaries	Consolidated		
Balance Sheet (Unit : THB million)	2014	2015	2016
Trade and other receivables	79.10	464.32	494.46
Inventories	17.71	305.37	322.15
Other current assets	112.86	385.45	387.05
Total current assets	253.52	1,351.39	1,380.26
Investment in associates	-	-	6.96
Property, plant and equipment	74.10	742.84	670.82
Intangible assets	50.38	283.13	354.22
Cost of digital TV license	2,815.60	2,618.87	2,422.15
Deferred tax assets	111.06	348.28	507.38
Other non-current assets	7.35	29.21	136.56
Total non-current assets	3,058.49	4,022.33	4,098.09
Total assets	3,312.01	5,373.72	5,478.35
Liabilities			
Short-term loans from banks	8.00	40.00	686.78
Trade and other payables	121.41	373.55	379.70
Unearned income	11.07	84.34	91.28
Current portion of long-term loans	-	30.00	2,525.36
Current portion of cost of spectrum license payables	618.73	500.56	500.64
Current liabilities	12.14	57.03	51.26
Total current liabilities	771.35	1,085.48	4,235.02
Long-term loans - net of current portion	1,095.43	2,619.54	172.00
Cost of Digital TV license payable – net of current portion	1,482.23	1,076.16	644.31
Debenture	-	-	491.57
Provision for long-term employee benefits	7.55	70.70	61.47
Total non-current liabilities	2,585.21	3,766.40	1,369.35
Total liabilities	3,356.56	4,851.88	5,604.37
Shareholders' equity			
Paid-up capital	400.00	1,905.00	1,905.00
Issued and fully paid	400.00	1,905.00	1,905.00
Retained earnings (deficit)	(444.55)	(1,388.55)	(2,031.02)
Shareholders' equity	(44.55)	516.45	(126.02)
Non-controlling interests of the subsidiaries	-	5.39	-
Total shareholders' equity	(44.55)	521.84	(126.02)

The One Enterprise Company Limited and its subsidiaries	Consolidated		
Income Statement (Unit : THB million)	2014	2015	2016
Services income	100.31	927.48	1,405.05
Revenue from contract production and services	-	58.37	128.04
Revenue from copyrights	7.57	62.21	118.64
Revenue from sublease TV station	11.08	13.77	15.19
Revenue from artist management	-	48.96	73.92
Revenue from studio rental service	-	3.37	18.01
Other income	1.16	6.84	7.84
Total revenues	120.12	1,121.00	1,766.69
Cost of sales and services	379.93	1,269.38	1,482.05
Selling and servicing expenses	152.99	774.88	809.86
Total expenses	532.92	2,044.26	2,291.91
Finance cost	140.55	225.54	266.42
Loss before income tax expenses	(553.35)	(1,148.80)	(791.64)
Tax revenue	110.61	221.85	154.94
Loss for the year	(442.74)	(926.95)	(636.70)

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The One Enterprise Company Limited and its subsidiaries	Consolidated		
Cash Flow Statement (Unit : THB million)	2014	2015	2016
Net cash flows from (used in) operating activities	(323.85)	(1,370.09)	(399.87)
Net cash flows from (used in) investing activities	(981.77)	(1,330.89)	(798.89)
Net cash flows from (used in) financing activities	1,301.52	2,853.38	1,179.11
Net increase (decrease) in cash and cash equivalents	(4.10)	152.40	(19.65)

The One Enterprise Company Limited and its subsidiaries	Consolidated		
Financial ratios	2014	2015	2016
Current ratio (time)	0.33	1.24	0.33
Quick ratio (time)	0.31	0.96	0.25
Account receivable turnover (time)	3.01	4.10	3.67
Average collection period (day)	120	88	98
Inventory turnover (time)	42.90	7.86	4.72
Average selling period (day)	8	46	76
Account payable turnover (time)	6.20	5.13	3.94
Average account payable day (day)	58	70	91
Cash Cycle (day)	70	63	83
Gross profit margin (%)	(219.37)	(13.93)	15.74
Operating profit margin (%)	(343.65)	(82.36)	(29.73)
Net profit margin (%)	(368.57)	(82.76)	(36.37)
Return on equity (%)	N/A	(393.17)	(329.11)
Return on assets (%)	(25.21)	(21.36)	(11.84)
Asset turnover (time)	0.07	0.26	0.33
Debt to equity ratio (time)	N/A	9.30	(44.47)
Interest coverage ratio (time)	(2.94)	(4.09)	(1.97)

Explanation and Assessment of Financial Statements and Operating Performance of The One Enterprise

Operating Performance

Revenue

The One Enterprise was established in September 6, 2013 and officially began operating in May 2014. For 2014 – 2016, The One Enterprise's revenues were THB 120.12 million, THB 1,121.00 million, and THB 1,766.69 million, respectively. The majority of revenues came from revenue from advertising and public relation services which were THB 100.31 million, THB 927.48 million, and THB 1,404.38 million, or 83.50%, 82.74%, and 79.49% of total revenues in each year. Revenue from copyrights were THB 7.57 million, THB 62.21 million, and THB 118.64 million, or 6.30%, 5.55%, and 6.72% of total revenue each year, respectively. Additionally, revenue from production services in 2016 was THB 128.04 million, increased from the previous year, and accounted for 7.25% of total revenue.

Cost of sales and expenses

In 2014 – 2016, The One Enterprise's cost of sales and expenses were THB 532.92 million, THB 2,044.26 million, and THB 2,291.91 million, or 443.65%, 182.36%, and 129.73% of total revenues each year, respectively. The primary sources of costs and expenses for 2014 – 2016 include the amortization of TV programmes copyright and computer software, which were THB 68.49 million, THB 442.16 million, and THB 407.31 million, respectively. Employee's compensation and benefits were THB 71.65 million, THB 338.07 million, and THB 369.98 million, respectively. Amortization of cost of digital TV license were THB 135.28 million, THB 196.73 million, and THB 196.73 million, respectively. Lastly, the change in finished goods and work-in-progress were THB 17.71 million, THB 287.66 million, and THB 29.62 million, respectively.

Net Loss

For 2014 – 2016, The One Enterprise's net loss were THB 442.74 million, THB 926.95 million, and THB 636.70 million, respectively. The losses were due to the nature of the initial stage of an investment in digital TV business and transitioning phase from analog to digital system. As a result, the value of advertising budget via digital TV was still low compared to the value of advertising budget via analog TV.

Financial Position

Assets

Total assets for the year ended December 31, 2014 - 2016 amounted to THB 3,312.01 million, THB 5,373.72 million and THB 5,478.35 million respectively. The primary component of total assets during 2014 - 2016 was cost of digital TV license which amounted to THB 2,815.60 million, THB 2,618.87 million and 2,422.15 million, representing 85.01%, 48.73% and 44.21% of total assets each year, respectively. In 2015, property, plant and equipment were THB 742.84 million or 13.82% of total assets while they were THB 670.82 million in 2016, accounted for 12.24% of total assets. At the end of 2015 – 2016, trade and other receivables were THB 464.32 million and THB 494.45 million, or 8.64% and 9.03% of total assets at the end of each year, respectively.

Liabilities

Total liabilities for the year ended December 31, 2014 – 2016 were THB 3,356.56 million, THB 4,851.88 million and THB 5,604.37 million, respectively. In 2014 – 2016, the primary component of total liabilities was the cost of digital TV license payable, which were THB 2,100.95 million, THB 1,576.72 million, and THB 1,144.95 million, respectively, or representing 62.59%, 32.50%, and 20.43% of total liabilities at the end of each year. The cost of digital TV license payable will be paid annually and will be fully installed within 2019. Moreover, in 2014 – 2016, The One Enterprise's long-term loans for the operation of digital TV business were THB 1,095.43 million, THB 2,691.54 million, and THB 172.00 million, respectively, representing 32.64%, 53.99%, and 30.69% of total liabilities at the end of each year.

Shareholders' equity

The One Enterprise's paid-up capital as of December 31, 2014 – 2016 were THB 400.00 million, THB 1,905.00 million, and THB 1,905.00 million, respectively. In 2014, the company had capital deficit of THB 44.55 million. Meanwhile, the value of shareholders' equity in 2015 was THB 516.45 million due to the increase of capital by THB 1,405 million. In 2016, the capital deficit was THB 126.02 million due to the company's operating loss. The retained deficit at the end of 2014 – 2016 were THB 444.55 million, THB 1,388.55 million, and THB 2,031.02 million respectively.

Liquidity

For 2014 – 2016, The One Enterprise's net cash flows used in operating activities were THB 323.85 million, THB 1,370.09 million, and THB 399.87 million, respectively. The main portion to net cash flows used in operating were loss before income tax expenses which were THB 553.35 million, THB 1,148.80 million, and THB 791.64 million, respectively. While net cash flows used in investing activities in 2014 – 2016 were THB 981.77 million, THB 1,330.89 million, and THB 798.89 million, respectively in which the figures were mainly contributed to the cost of digital TV license, which were THB 785.00 million, THB 634.00 million, and THB 513 million, respectively and also the purchase of intangible assets, which were THB 118.87 million, THB 203.78 million, and THB 138.56 million, respectively. In addition, the company made an investment of THB 382.00 million in subsidiaries in 2015. Net cash flows from financing activities for 2014 – 2016 were THB 1,301.52 million, THB 2,853.38 million, and THB 1,179.11 million, respectively; the major items were long-term loans which were THB 1,101.52 million, THB 1,321.38 million, and THB 77.10 million, respectively, and capital increase in 2014 – 2015 of THB 349.25 million and THB 1,505.00 million respectively. Additionally, there was an issuance of long-term debentures in the amount of THB 500 million in 2016.

6. Industry Review

Details of economic outlook, the advertising industry and the rating of TV channels related to The One Enterprise Group's operating performance are presented in enclosure 1, item 6, of this report.