

Information Memorandum with regard to the Capital Increase and Allocation of Newly Issued Ordinary Shares of GMM Grammy Public Company Limited

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Section 1

Information on the allocation of newly issued shares

1. Capital increase

The Extraordinary General Meeting of Shareholders No. 1/2014 of GMM Grammy Public Company Limited (the “Company” or “Grammy”), held on September 24, 2014, approved the increase in the Company’s registered capital from THB 636,317,936 to THB 819,949,729, by issuing 183,631,793 new ordinary shares, at the par value of THB 1 per share, totaling THB 183,631,793.

2. Allocation of newly issued shares

The Company will allocate up to 183,631,793 newly issued ordinary shares, the par value of THB 1 per share, to the Company’s existing shareholders, proportionate to their shareholdings (Rights Offering) and specific persons under the Private Placement Scheme. Details of the allocation of the newly issued ordinary shares are as follows:

2.1 Details of the allocation of newly issued ordinary shares

Allocated to	Number of Shares	Ratio (Existing : New)	Offering Price (THB per share)	Date and Time of Subscription and Payment
2.1.1 The Company’s existing shareholders proportionate to their shareholdings (Rights Offering)	Up to 63,631,793 shares	10 : 1	THB 13.50	17 – 24 October 2014 (Only Business Days)
2.1.2 Specific Persons (Private Placement)	Up to 120,000,000 shares and the number of shares remaining from the allocation under item 2.1.1	-	Not lower than THB 13.50	Within one year from September 24, 2014, when the Extraordinary General Meeting of Shareholders No. 1/2014 resolved to approve the increase in the Company’s registered capital.

## 2.2 The Company's operation in the case of there is any fraction of shares

In the case that there is any fraction of newly issued ordinary shares, such fraction shall be rounded down.

## 2.3 Number of remaining shares that have not been allocated

- None -

## 3. The scheduled date of the closing of the share register book and the suspension of shares transfer for the subscription rights of the newly issued ordinary shares to existing shareholders

For the allocation of newly issued shares to the Company's existing shareholders proportionate to their shareholdings, pursuant to the Extraordinary General Meeting of Shareholders No. 1/2014, held on September 24, 2014, the Company has scheduled the date to determine the names of the shareholders who will have subscription rights and will be entitled to obtain the allocation of newly issued ordinary shares (Record Date) to be on October 2, 2014 and the date to gather the names of the shareholders under Section 225 of the Securities and Exchange Act B.E. 2535 (as amended) by closing the share register book and the suspension of share transfer on October 3, 2014.

## 4. The schedule of the subscription date and payment date of newly issued ordinary shares

For the Company's existing shareholders

Between 9 a.m. – 3.30 p.m. on October 17-24, 2014 (Only 5 business days in total)

For the specific persons

Within one year from September 24, 2014 on which the Extraordinary General Meeting of Shareholders No. 1/2014 resolved to approve the increase in the Company's registered capital.

## 5. The objectives of capital Increase and exercise of increased capital

The Company has a fund raising plan to accommodate its business investments which will reflect the growth and sustainability of the Company's operation. The objectives of fund raising are as follows:

- 1) to have funds available for investing in new projects according to the strategic investment plan to strengthen competitive potentiality;
- 2) to have funds for the repayment of loans to maintain the financial ratio at the appropriate level and generate the Company's long term financial stability;
- 3) to generate additional working capital for the Company;
- 4) to expand the Company's investor base and enhance the liquidity of the Company's shares trading on the Stock Exchange of Thailand.

**6. Benefits which the Company will obtain from Capital Increase and the allocation of the newly issued shares**

After the completion of the capital increase, the Company expects that the funds received from this capital increase will enhance the Company's financial strength and sustainable operation development which will provide long term benefits for shareholders.

**7. Shareholders' benefits from the capital increase and the allocation of newly issued shares****7.1 Dividend policy**

The Company has a policy to pay dividends to its shareholders in an amount not less than 40 percent of the net profit incurred in the separate financial statement and after deductions to reserves, provided that the dividend payment is approved by the Board of Directors and the shareholders, as they deem appropriate.

**7.2 Entitlement to dividends from operations**

A subscriber of this capital increase will be entitled to receive dividends from operations upon registration of his/her name as a shareholder of the Company.

**8. Other necessary information for shareholders' decision on whether to approve the capital increase/ the allocation of newly issued ordinary shares**

The Extraordinary General Meeting of Shareholders No. 1/2014 of the Company, held on September 24, 2014, approved the allocation and offering of up to 120,000,000 newly issued shares, at the par value of THB 1 per share, to specific persons under the private placement scheme, provided that such persons shall not be connected persons of the Company, and authorizing its authorized directors and/or any other person authorized by the Board of Directors, to determine the offering price of such newly issued ordinary shares which will not be less than the offering price of the Company's ordinary shares offered to the existing shareholders of the Company proportionate to their shareholdings (Rights Offering). Please see the additional details which are displayed in Enclosure 8. (Details of the offering and allocation of the newly issued ordinary shares to specific persons)

## Section 2

### Basic Information of GMM Grammy Public Company Limited

#### 1. Name and location of the Company

GMM Grammy Public Company Limited is located at 50 GMM Grammy PLACE, Sukhumvit 21 Road (Asoke), Khlongtoeinuea, Wattana, Bangkok 10110, Thailand.

#### 2. Business Overview of the Company and its subsidiaries

##### 2.1 Background and Milestone

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|------|--|
| 1983 | Grammy Entertainment Company Limited was established on November 11, 1983. Its business at the time was focused on the production of quality Thai Pop songs and its first music album was “Ni Yai Ruk Jak Korn Mek” by Doctor Pantiwa Sinratchatanan. The company also launched 3 TV programs: Yim Sai Kai, Mun Kwa Haew and Sieng Tid Dao.  |
| 1988 | MGA Company Limited was established to manufacture and distribute various cassette tapes and other related entertainment products through its retail network.  |
| 1989 | A-Time Media Company Limited was established to tap into the radio broadcasting business. “Green Wave” and “Hot Wave” were the first 2 radio stations to hit the market.   |
| 1991 | Exact Company Limited was set up to expand the television program production business and started the award-winning TV Series “Three Men, Three Styles” (Sam Noom Sam Moom). Within the same year, Extraorganizer Company Limited was founded to operate the concert production business. Both companies allowed Grammy to firmly establish themselves in all spectrums of the entertainment empire. |
| 1994 | Grammy Entertainment Public Company Limited was listed on the Stock Exchange of Thailand and made its debut in the featured film business.   |
| 1996 | Grammy expanded into the publishing business through the acquisition of <i>Image</i> magazine.   |
| 2001 | The Company’s name was changed from Grammy Entertainment Public Company Limited to GMM Grammy Public Company Limited (Grammy).   |
| 2002 | GMM Media Public Company Limited (GMMM) was spun off and formed to be listed on the Stock Exchange of Thailand. Eight subsidiaries operating radio stations, television channels and publishing businesses were transferred from Grammy to GMMM.   |
| 2004 | Grammy aimed to be the “King of content” by entering into a joint venture with its strategic business partners such as Deetalk Company Limited (TV program producer), Siam Infnit Company Limited (game online), GMM Tai Hub Company Limited (featured film producer) and Ninja Returns Communication Company Limited (event and concert organizer).   |
| 2005 | Grammy performed its important business operations as follows:   |

- Through its subsidiary, GMM Media Public Company Limited, Grammy expanded its business line into the event marketing business, with a 50% investment in Index Event Agency Public Company Limited for a fully integrated media business.
- Grammy was voted “Thailand’s Best Small Cap” and was ranked second for “Best Commitment to Strong Dividend Payments” by FinanceAsia Polls.
- Grammy invested in SE-Education Public Company Limited to develop its business corporations such as distribution channels.
- Grammy entered into a joint venture with Clean Karaoke Company Limited, with an 80% shareholding of the registered capital for THB 20 million to operate the karaoke business together with the management of the karaoke equipment.
- Through its subsidiary, GMM Media Public Company Limited, Grammy expanded its business line into the publishing business with investments in Matichon Public Company Limited and Post Publishing Public Company Limited with shareholdings of 20% and 23.6% respectively.

2006

Grammy performed its important business operations as follows:

- Grammy entered into a joint venture with GMM Fitness Club Company Limited with a 51% shareholding of the registered capital for THB 40 million to provide fitness club services.
- Grammy entered into a joint venture with Lucks Music 999 Company Limited with a 50% shareholding of the registered capital for THB 20 million to expand its music manufacturing and distribution business.

2007

Grammy acquired ordinary shares in 3-RD Company Limited with a 50% shareholding for THB 2.63 million.

2008

GMM Media Public Company Limited delisted its securities from the Stock Exchange of Thailand.

2009

Grammy entered into a joint venture with Family Know How Company Limited, which operates the “Money Channel” satellite TV station, specializing in economics, finance and investment news, with a 50% shareholding of the registered capital for THB 50 million.

2010

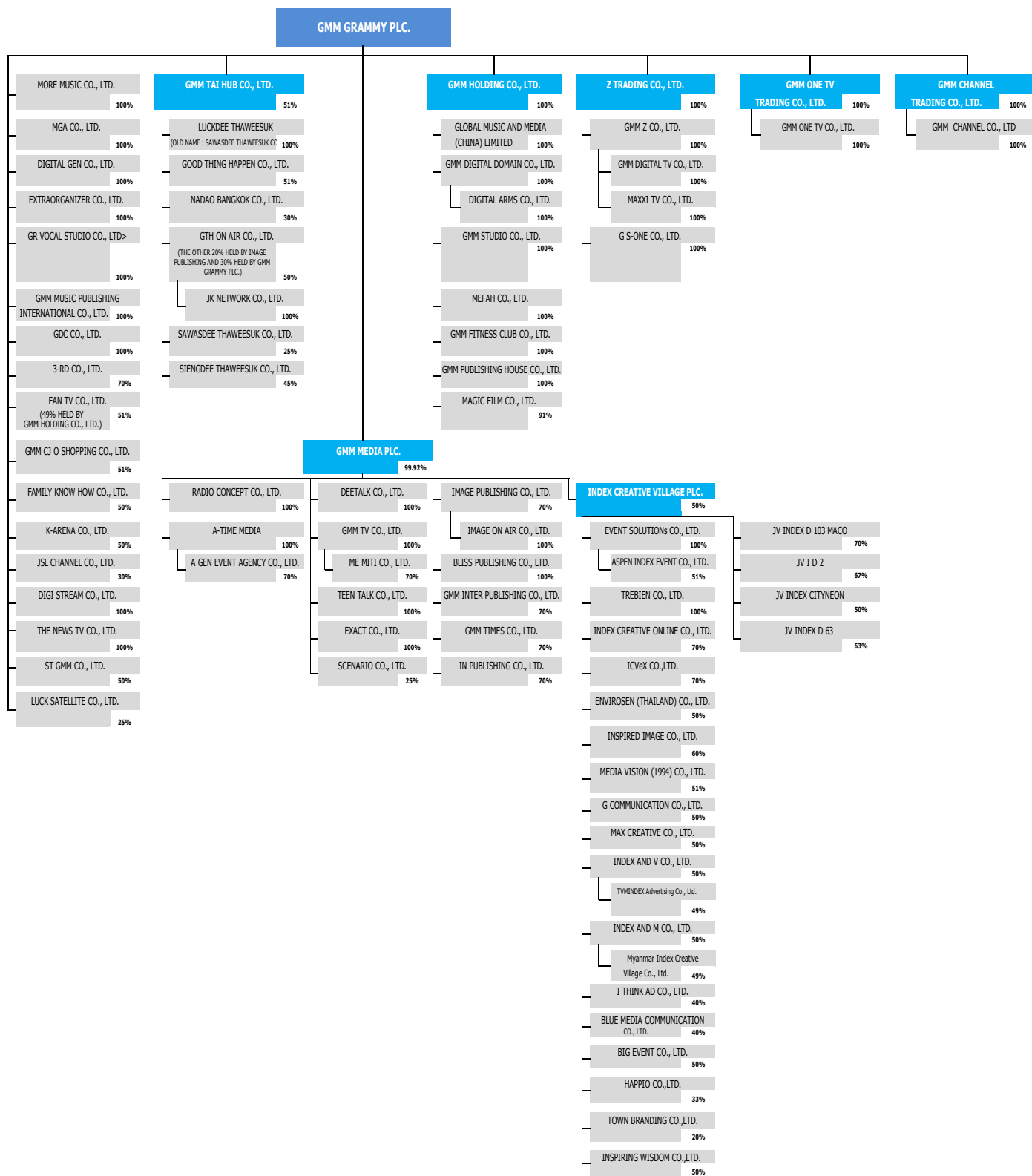
Grammy performed its important business operations as follows:

- Grammy entered into a joint venture with its associated companies: Scenario Company Limited and Acts Studio Company Limited with a 50% shareholding of the registered capital for THB 200 million for construction of a huge production studio.
- Grammy entered into a joint venture with Lucks Satellite Company Limited with a 25% shareholding of the registered capital for THB 20 million to produce content for satellite broadcasting.

- 2011 Grammy entered into a joint venture with CJ O Shopping Company Limited, Korea's No. 1 home shopping operator, with a 51% shareholding of the registered capital for THB 540 million to launch a home shopping business.
- 2012 Grammy invested in the ordinary shares of GMM Z Company Limited, a satellite platform business with a 100% shareholding of the registered capital for THB 100 million.
- GMM Z Company Limited invested in the ordinary shares of GMM B Company Limited, a Pay TV service provider, with a 100% shareholding of the registered capital for THB 1 million.
- 2013 Grammy performed its important business operations as follows:
- Grammy increased its registered capital for strategic investment by offering new ordinary shares (Rights Offering) to existing shareholders in a ratio of 5 existing shares to 1 new share for a total of 106,052,989 shares at offering price of THB 10 each, accounting for approximately THB 1 billion. With such capital increase, the registered capital of Grammy was therefore THB 636,317,936, divided into 636,317,936 ordinary shares with a par value of THB 1 each.
  - Grammy participated in an auction for frequency licenses for use in the nationwide broadcasting of commercial Digital Terrestrial Television (DTT) and won 2 licenses – Variety HD and Variety SD.
- 2014 Grammy has performed its important business operations as follows:
- GMM Z Company Limited has disposed of all its investments in GMM B, a Pay TV service provider, to CTH LCO Company Limited and Z Trading Company Limited has invested in CTH Public Company Limited, which operates cable TV / subscription TV services.
  - Grammy has increased its registered capital in order to invest in new projects, the repayment of debts, and for use as working capital in the Company. Grammy has offered new ordinary shares (Rights Offering) to existing shareholders in a ratio of 10 existing shares to 1 new share for a total of not exceeding 63,631,793 shares with a par value of THB 13.50 each, and to specific investors for a total of not exceeding 120,000,000 shares at the par value of at least THB 13.50. With such capital increase, the registered capital of Grammy is therefore THB 819,949,729, divided into 819,949,729 ordinary shares at the par value of THB 1 each.

2.2 Organization Chart

As of September 24, 2014, the detail of Company's organization chart is as follows:



## 2.3 Business Operation

The Group's businesses can be arranged into 2 groups, namely "existing businesses" and "new businesses", which are subdivided into 9 businesses as follows:

### Existing Businesses

The Existing Businesses are composed of Music businesses, Digital content business, Media business, Movie business, Events management business, and Animation business.

#### 1. Total Music Business

The Music business operates under the "Total Music Business" model, consisting of music production (physical products) and distribution, publish management, show business, and artist management business. The Company has operated its music business for more than 30 years with dedication and high quality content making it the leading music business company in Thailand today.

The companies in the Total Music Business (copyright management for commercial purposes) are as follows:

- *GMM Grammy Public Company Limited* operates integrated music business.
- *GMM Music Publishing International Company Limited* manages and collects copyright fees from food operators, restaurants, radio operators, karaoke outlets and karaoke booths, and other operators who use the Company's music for commercial purposes. The company also collects copyright fees of music which belongs to the Company and the copyright owners who are not part of the company.
- *Exact Company Limited* operates television and satellite television businesses as well as music production businesses.
- *K Arena Company Limited* operates a karaoke service and rental business under the name of "K Arena".

#### 2. Digital Content Business

Digital content is a business diversified from the music business by the use of advanced technology. The Company has therefore developed the service into a new digital form for distribution to mobile telephone networks, the internet and entrepreneurs, with categories of download services, such as ringtones, ring-back tones, full songs, and full MVs, in both a la carte and subscription services through channel \*123, www.gmember.com, and the iTunes Store. Moreover, the Company has offered music streaming services through KK Box applications on both computers and mobile telephones, where customers can listen to both Thai and overseas popular music.



### 3. Media Business

The Media business operates under the “Integrated Media Business” model, consisting of radio, television and publishing businesses.

The companies in the radio business are operated by the following companies:

- *GMM Media Public Company Limited* has a registered capital of THB 208 million and paid-up capital of THB 200.26 million. It has participated in bidding for airtime and operates three radio stations: F.M.89 Chill FM, F.M.94.0 EFM 94, and F.M. 106.5 Green Wave.
- *A-Time Media Company Limited* takes part in bidding for airtime and subleases radio stations. The Company holds shares in A-Time Traveller Company Limited which operates tour guide businesses in Thailand and overseas countries.

The main product of the radio business is the production of radio programs to be broadcasted through radio stations by means of bidding for airtime for commercial purposes from various FM radio stations.

The television business is operated by the following companies:

- *GMM Grammy Public Company Limited* produces animation programs.
- *Exact Company Limited* produces television programs such as dramas, game shows and variety programs, and is commissioned to produce dramas and singing contests, as well as operate the music business.
- *GMM TV Company Limited* manages marketing for distribution channels, produces music programs, game shows, variety programs, and teenage dramas. The Company holds shares in Me Miti Company Limited which is commissioned to produce television programs and advertisements for television programs.
- *Deetalk Company Limited* produces variety and entertainment programs.
- *Scenario Company Limited* produces television programs such as dramas, game shows and variety programs, and is commissioned to produce dramas and stage plays.
- *Me Miti Company Limited* is commissioned to produce game shows, variety programs and advertisements for television programs.
- *Family Know How Company Limited* (despite its 50% shareholding, this company is an associated company whereby the Company has no authority to control and manage its own matters in this company) operates television and satellite television business under the name of the “*Money Channel*” as well as a publishing business under the name of “*Money & Wealth*” to provide knowledge about economics, finance and investment in stock markets and capital markets.

The main product of the television business encompasses the production of programs and shows, and commissions to produce programs and shows to be aired on TV stations.

The Group's publishing business produces monthly and bi-weekly fashion, women's, men's and entertainment magazines. There are a total of 6 publications comprising 2 local magazines and 4 magazines produced under foreign licensing. This business is operated by the following companies:

- *Image Publishing Company Limited* is responsible for the production and distribution of a monthly fashion magazine under the name of "Image" which is popular among teenagers and working-age people.
- *GMM Inter Publishing Company Limited* is responsible for the production and distribution of a monthly women's fashion magazine under the name of "Madame Figaro", whose target group is educated women of working age between 25-35 years old with a sense of fashion and beauty. The company also produces and distributes "Attitude", a monthly men's lifestyle magazine under British license.
- *GMM Times Company Limited* is responsible for the production and distribution of a monthly women's fashion magazine under the name of "Her World", whose target group is teenage and working-age women between 18-28 years old. The company also produces and distributes a monthly men's magazine under the name of "Maxim", whose target group is fashionable men between 18-40 years old.
- *Bliss Publishing Company Limited* produces and distributes pocket books, whose target group is women between 18-35 years old.
- *In Publishing Company Limited* operates under a joint venture which produces and distributes a bi-weekly entertainment magazine under the name of "In Magazine", whose target group is women between 18-29 years old.

#### 4. Movie Business

The Group operates its movie business under the management of GTH Company Limited which is the No. 1 Thai film studio and an influential player in contemporary Thai cinema with a fully integrated studio committed to producing, marketing and distributing commercially successful movies. The company has also continuously produced box office hits for Thai movie theatres since 2005. In addition, under the name of GMM Thai Hub Company Limited, the company has a registered capital of THB 300 million and paid-up capital of THB 225 million respectively, and produces featured films for local and international distribution. The Company has 5 affiliates: Luckdee Thaweek Company Limited, Sawasdee Thaweek Company Limited, Nadao Bangkok Company Limited, Good Thing Happen Company Limited and Siengdee Thaweek Company Limited, which are joint venture companies with other business associates and partners in film production as well as the distribution of the Company's movies in overseas countries.

#### 5. Event Management Business

Event Management is a business that offers a complete range of event management services from proposing ideas, sourcing various contractors and coordinating with related parties, to producing and managing work to meet the client's needs and aims. Index Creative Village Public Company Limited and its subsidiaries are responsible for overseeing and managing related businesses which can be divided into 2 groups as follows:

1. *The creating and managing marketing media group* is responsible for proposing creative ideas and developing marketing strategies to create a complete range of marketing communications services demanded by clients, including event marketing, advertising and public relations.
2. *The production and equipment rentals group* is responsible for producing and sourcing equipment for various activities. This includes preparing lighting, sound and special effects, as well as setting up performance stages for exhibitions. Moreover, the company also offers the rental of cameras, and lighting and sound editing equipment, and design and backdrop production services for television programs. By collaborating with business associates and partners worldwide, the Group also brings in interesting and attractive performances for special marketing activities.

#### 6. Animation Business

Animation business is the production of animated cartoon television programs for terrestrial television channels, with the animated character being from the country's most popular artist "Thongchai McIntyre" or popularly known as "Phi Bird" under the title "Byrdland ... Land of Miracles". GMM Grammy Public Company Limited is responsible for production of 3D animated cartoons together with Shellhut Entertainment Company Limited which produces its successful animated cartoon television program named "Sheldon".

“Byrdland” is considered a business committed to providing entertainment with knowledge to children worldwide through music, fun and adventurous stories, aiming to stimulate children to become curious, observant, and aware of friendship, unity and the ability to solve problems. The principle of cartoon animation is to present friendship among friends, teamwork, curiosity and contribution to the creation of a better world and peaceful co-existence.

### New Businesses

The New Businesses are composed of a Home Shopping business, Satellite TV business and Digital Terrestrial TV (“DTT”) business.

#### 1. Home Shopping Business

The Home shopping business is a business involving the 24-hour distribution of goods, where customers can choose products, even from their own residence. The business is managed by GMM CJ O Shopping Company Limited, a joint venture company of GMM Grammy Public Company Limited and CJ O Shopping Company Limited from South Korea.

The Company aims to become the leader in Thailand’s home shopping business by creating a phenomenon of interactive home shopping programs that are superior, fresh, novel and unique, offering knowledge about products in a straightforward manner in all aspects, called Shopfotainment Channel (shopping, information, and entertainment). The channel offers quality products, well recognized by customers, and provides a swift and convenient delivery service to meet customers’ demands, as well as multiple payment options as may be deemed appropriate by the customer, a choice of internationally-recognized products and services, and access to all groups of viewers.

#### 2. Satellite TV Business

The Satellite TV business can be divided into 2 main categories as below:

- 1) “GMM Z” Satellite TV Platform, launched in March 2012, is the Company’s new line of business and responsible for the sale of satellite TV set-top-box (STB) to customers. GMM Z has a variety of products for the target audience at all levels, such as GMM Z HD for the high-end customer group or Pay TV customer group, GMM Z Smart for the middle-level customer group or Pay TV customer group and GMM Z Mini for customers who have a limited budget but want to switch from television with an antenna to satellite television.
- 2) Satellite TV Media is responsible for the production of TV shows to be aired on satellite TV channels. Compared to in the past, this business requires relatively low investment due to good domestic and international satellite coverage, mitigating the need to install additional receiving towers. All that it takes to operate this business are television channel licenses and good programs for broadcasting.

### 3. Digital Terrestrial TV Business

The National Broadcasting and Telecommunications Commission (NBTC) arranged an auction for 24 frequency licenses for use in the broadcasting of commercial Digital Terrestrial Television (DTT) between December 26-27, 2013. The licenses were divided into 4 categories, namely Kids and Family (3 licenses), News (7 licenses), Variety - Standard Definition (SD) (7 licenses), and Variety - High Definition (HD) (7 licenses). The Company participated in the auction and won 2 licenses: Variety SD and Variety HD. At present, the Company has conducted trial broadcasting of 2 DTT channels since early April 2014. The responsible affiliates and business units are as follows:

- *GMM One TV Company Limited* operates digital television business for HD variety programs.
- *GMM Channel Company Limited* operates digital television business for SD variety programs.

### 2.4 Revenue Structure

The Group has classified its revenue structure by business operations in accordance with the consolidated financial statements of 2011 – 2013 and in the first half of year 2013 and 2014 as follows:

Segment revenues	2011		2012		2013		First half of 2013		First half of 2014	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
<u>Main revenue</u>										
Music and digital downloads	2,855.04	30.4	2,578.78	21.9	2,088.64	19.0	1,104.71	20.4	874.28	18.9
Show business	731.95	7.8	996.64	8.5	995.39	9.0	397.89	7.4	334.04	7.2
Movies	305.26	3.3	316.96	2.7	519.65	4.7	379.82	7.0	173.77	3.8
Television	2,053.76	21.9	2,292.85	19.5	2,481.88	22.6	1,257.42	23.3	866.32	18.8
Satellite Television	569.91	6.1	2,101.02	17.9	1,563.16	14.2	727.49	13.5	795.38	17.2
Radio	764.17	8.1	775.27	6.6	769.36	7.0	346.74	6.4	255.43	5.5
Events advisor and organizer and provision of events equipment	1,308.46	13.9	1,782.21	15.2	1,173.85	10.7	570.44	10.6	361.77	7.8
Publishing media	199.31	2.1	178.12	1.5	144.08	1.3	77.50	1.4	54.57	1.2
Others	314.69	3.3	413.63	3.5	885.49	8.0	369.05	6.8	608.32	13.2
<b>Total main revenue</b>	<b>9,102.55</b>	<b>96.9</b>	<b>11,435.48</b>	<b>97.3</b>	<b>10,621.50</b>	<b>96.5</b>	<b>5,231.06</b>	<b>96.8</b>	<b>4,323.88</b>	<b>93.7</b>
<u>Other revenue</u>										
Income from interest	29.76	0.3	35.76	0.3	49.10	0.4	16.50	0.3	33.01	0.7
Dividends received	54.41	0.6	49.00	0.4	34.34	0.3	34.34	0.6	11.56	0.3
Other incomes	201.22	2.1	236.22	2.0	298.74	2.7	121.61	2.3	246.81	5.3
<b>Total other revenue</b>	<b>285.39</b>	<b>3.0</b>	<b>320.98</b>	<b>2.7</b>	<b>382.18</b>	<b>3.4</b>	<b>172.45</b>	<b>3.2</b>	<b>291.38</b>	<b>6.3</b>
<b>Total revenue</b>	<b>9,387.96</b>	<b>100.0</b>	<b>11,756.47</b>	<b>100.0</b>	<b>11,003.69</b>	<b>100.0</b>	<b>5,403.51</b>	<b>100.0</b>	<b>4,615.26</b>	<b>100.0</b>

## 2.5 Industry Outlook

### Digital music and show business

The Company anticipates that competition is expected to continue in the same way as it has done during the previous years. There will still be growth in physical products while the digital content will witness changes with the advanced technology, especially concerning consumer behavior, where smartphones are used on to enjoy the favorite songs through music streaming without the need for physical content to be kept in the limited space of a portable device. The major strategy for digital business operations is to increase patterns of service, methods, channels and creative marketing promotions. The Company will cooperate with these platform operators at an international level in order to provide services to the subscribers worldwide and to increase revenue for the music business. For the music business, the Company focuses on those customers who embrace the good quality sound of music and are truly impressed with the artists, by emphasizing the design of the packaging which is the main key to making ordinary physical products special gifts for the collectors. Moreover, the Company is expanding the distribution channels through online shopping ([www.shopping8000.com](http://www.shopping8000.com)), and is also increasing the number of shows to generate additional revenue for music business.

For foreign business, the Company is also expanding the music business in other countries, such as

1. Exporting physical products (CD, VCD, DVD) to other countries.
2. For digital content, the Company has sold music in digital form through 2 channels: the iTunes store and telecom operators in various countries.
3. Publishing management is the licensing of melodies for licensees to put the lyrics in their own language. The Company has partnered up with a foreign company to manage music publishing for an independent label in Asia.
4. Exporting more shows to other countries, and also improving shows and concerts in cooperation with foreign partners.

As the distribution channel of digital content has changed with the advanced technology, the Company has to develop appropriate services to meet the customer's consumption demands in all forms and for all ages. It has developed digital content services through channel \*123, the country's first service provider through a digital system. Using highly developed technologies, the Company in cooperation with a mobile telephone service provider has opened a new service, "Music Streaming", through the KK Box application, from which customers can listen to over 10 million songs from both Thailand and overseas. Furthermore, the Company has sold music in digital form through the iTunes store and telecom operators in various countries.

#### Television, radio and publishing business

The Company anticipates that the television business is likely to grow rapidly due to the advent of the digital TV business, which will result in an increase of advertising time for television media, giving rise to new groups of customers with demand for television media. In particular, small and medium enterprise (SME) groups, from the growing trend of advertising, will therefore compete for higher market shares. In such case, the media that can adapt its business to show value and accessibility to target groups will finally be able to grow more than the competitors. However, the increase of demand of television program resulting in the high growth and competition of television program production in the future. Therefore, the program producer who can provide various quality programs and have employers with creative skills will have advantages on business's extension over its competitors.

The radio business will continue to face the same fierce competition as in the previous year. However, the main competitive issue has changed from the scramble for concessions for radio frequencies at the end of last year, which is the period for renewal of such concessions, to be the competition on market shares. The various producers of goods are more stringent with their advertising budgets and choose advertisements which are the most accessible to their target groups of customers. All forms of marketing strategy are therefore used for strengthening the brand of each radio station and retaining the existing customer base, as well as expanding the new customer base. Furthermore, the radio business operators must develop and control effective operations and be adaptable to different strategies to cope with any contingent circumstances and to firmly occupy a greater market share.

The magazine publishing industry is expected to improve, even though competition will remain stiff and there are alternative new media that can attract advertisement spending, as magazine is the medium that can get into specific target customer. More importantly, there are changes in consumer behavior in light of the digital innovations, the magazine business will also move toward this digital trend. For this year, the Company plans to retain its customer base and attract new customers through new distribution channels and adapt to their constantly changing lifestyles. In addition, it will offer advertising packages that bundle various media, such as print, satellite TV, outdoor billboard, and LED screen, to its customers, and provide printing services to businesses that want to share information with their customers.

#### Movie business

The Company anticipates that the market value of the local movie business is likely to grow due to the new arrival of various interesting foreign box office movies to be shown in Thailand.

#### Event management business

Trends of this kind of business continue to show growth prospects because these activities are no longer limited to the private sector alone as it has expanded to encompass the public sector. Many government organizations have begun to increasingly use event organizers to broadcast information to the public as well as to support its work and government policies. Due to the current economic situation, private sector

businesses have a greater need for media or activities to communicate with their customers as much as possible, while maximizing the efficacy and value in spending their marketing budgets. Moreover, trends indicate an increase in the use of more frequent and large-scale marketing activities. Therefore, larger and more reputable companies will stand a greater chance of winning assignments compared to medium and small companies. Among the competitors in this market, only three operators are considered to be large. Thus, competition in this industry is not too intense. In addition, as a preparation for the ASEAN Economic Community in the next few years, the Company is expanding its reach internationally.

#### Animation business

For the market outlook in the future, the Company is confident that the animation business will grow steadily, with the content focused on being interesting and meeting the requirements of viewers, both children and parents. Besides, the Company has developed content to keep up with change and suit the current situation, with good tips and ideas being inserted and awareness being instilled in children and youths, which is well received both in Thailand and abroad.

#### Home shopping business

In 2014, the digital TV business will be a business that will draw the most attention, as its emergence will provoke interest in media consumption among people, both in terms of improvement in signal quality and additional options in the media selection for viewers, which will be positive to the home shopping business because the programs will reach more customer target groups and competition will be more fierce too, while the overall market will grow, with the total value being around THB 5,000 million.

#### Digital Terrestrial TV business

The digital terrestrial television business is a new business which has been formally established since early 2014 as an essential mechanism to stimulating the television business which is reaching its maturity to make new investments and face new growth. The business is in a major transition period in the competition for Thailand's Free TV business which has been monopolized by a few analog channels for a very long period of time. With the advent of the digital television business, the customers are able to enjoy up to 24 digital TV channels with advertising expenses of more than THB 68 billion. Therefore, the digital terrestrial television business will face intense competition and the business outlook has changed to the advantage of content providers which is considered advantageous for the Company's business operation as one of major content providers in Thailand with its well-recognized quality of products. The Company expects to manage its digital TV channels to be in the top 5 of the viewers' preference and to increase its lucrative and profits significantly within the next 3 years.



## 2.6 Risk Factors

Type of Risk	Nature of Risk	Impact	Supporting Measures
1. Risk of Piracy	Adaptation and duplication of their music, which is then sold cheaply in large quantities	The Group loses substantial valuable business opportunities	<p>The latest measures are comprehensive, ranging from controlling the process of importing machines that can be used to produce pirated products, to controlling production and distribution processes.</p> <p>In the film industry, the Group has received warm cooperation from theatre operators in issuing various measures to reduce illegal recordings. The Group expects that with serious and continual collaboration between the government and private sectors, the use of pirated products will decrease significantly.</p>
2. Risk of business interruptions due to force majeure	Interruptions in major business processes of the Group in the case of force majeure, such as natural disasters, man-made hazards, technological hazards and etc.	The Group loses substantial valuable business opportunities	The Board of Directors has therefore appointed a Business Continuity Plan Committee (BCP) to push ahead with the development of a <i>business continuity plan (BCP)</i> in a concrete manner to absorb impact on and minimize damage that may befall the Company's major business processes, creating confidence that the work systems and workplaces are able to cope with disasters or equipped with systems capable of managing emergencies and returning to normal operations quickly.

Type of Risk	Nature of Risk	Impact	Supporting Measures
3. Risk from slow internal process adjustment to the Rapid Business Expansion	The Group has 9 businesses each of which has its own characteristics that also require different staff's talent and expertise. In addition, the rapid business expansion of the Group may affect the internal process adjustment of each business group in various ways.	Slow internal process adjustment to the rapid business expansion.	In order to sustain the business growth, however, such risk has been efficiently managed by revising the organizational structure and adjusting key processes in order to effectively implement all centralized policies together with developing a standardized performance evaluation across all units in the Group.
4. Risk from Relying on Individual Talent	The Group's business mainly relies on people with experience and distinctive talents. Hence, whenever they move to a different corporate affiliate or other companies, this is a severe loss.	The Group is required to spend additional time developing new artists or support teams.	<p>The Group has continually managed this risk by focusing on developing and supporting all staff by involving them more in business operations. Furthermore, the Group has developed a standardized performance evaluation together with placing great importance on revising the compensation packages and benefits for staff so that they are competitive when compared to the other companies in the same industry.</p> <p>In addition, in order to keep the business growth in balance, the Group has invested in new businesses which are mostly based on technology or systems such as the home shopping business,</p>

Type of Risk	Nature of Risk	Impact	Supporting Measures
			satellite business and digital terrestrial TV business.

### 3. Names of Directors, Executives and the 10 Major Shareholders

#### Names of Directors

As of September 24, 2014, the Company's Board of Directors consists of 11 directors as follows:

Name	Position
1. Mr. Paiboon Damrongchaitham	Chairman of the Board
2. Ms. Boosaba Daorueng	Vice Chairman
3. Dr. Naris Chaiyasoot	Independent Director
4. Mr. Dej Bulsuk	Independent Director
5. Ms. Suvabha Charoenying	Independent Director
6. Mr. Kudun Sukhumananda	Independent Director
7. Mrs. Saithip Montrikul Na Ayudhya	Director
8. Mr. Krij Thomas	Director
9. Ms. Suwimon Chungjotikapisit	Director
10. Mr. Kreingkarn Kanjanapokin	Director
11. Mr. Sataporn Panichraksapong	Director

#### Name of Executives

As of September 24, 2014, the Company's Management Team consists of the following executives:

ชื่อ	ตำแหน่ง
1. Mr. Paiboon Damrongchaitham	Chairman of the Company Advisory Board
2. Ms. Boosaba Daorueng	Group Chief Executive Officer
3. Mrs. Saithip Montrikul Na Ayudhya	Chief Executive Officer, GMM Media
4. Mr. Krij Thomas	Chief Executive Officer, GMM Music and Acting Chief Executive Officer, GMM Z
5. Mr. Takonkiet Viravan	Chief Executive Officer, GMM Digital TV
6. Mr. Premon Pinskiul	Chief Financial Officer
7. Mrs. Jiraporn Rungsritthong	Chief Investment Officer and Acting Chief Administrative Officer

Shareholders

As of August 29, 2014 (the most recent Shareholders' Book Closing Date), the Company's first 10 shareholders are as follows:

Name of Shareholders	Number of shares	Percentage of shareholding
1. Mr. Paiboon Damrongchaitham	356,951,363	56.10
2. Mr. Taweechat Chulangoon	113,635,322	17.86
3. Mr. Natthaphon Chulangoon	45,925,200	7.22
4. Geurtfah Company Limited	30,854,314	4.85
5. CREDIT SUISSE AG, SINGAPORE BRANCH	23,052,520	3.62
6. Mr. Takonkiet Viravan	6,930,840	1.09
7. THE BANK OF NEW YORK (NOMINEES) LIMITED	3,500,000	0.55
8. Mrs. Hatairat Chulangoon	2,412,584	0.38
9. GIC PRIVATE LIMITED-C	2,138,400	0.34
10. CHASE C.S.CENTRAL NOMINEES LIMITED 37	1,899,800	0.30
Total	587,300,343	92.31

**Remark** <sup>1</sup> Shareholders in the group of Mr. Paiboon Damrongchaitham consist of Mr. Paiboon Damrongchaitham, holding 356,951,363 shares (56.10%) and Geurtfah Company Limited, holding 30,854,314 shares (4.85%)

#### 4. History of Capital Increase over the past 3 years

The Company registered its capital increase on September 11, 2013 by an additional amount of THB 106,052,989 from its current registered capital of THB 530,264,947 to THB 636,317,936 in total, by issuing 636,317,936 ordinary shares with a par value of THB 1.

#### 5. History of Dividend Payments over the past 3 years

The Company's policy is to pay dividends to its shareholders in the amount of not less than 40% of the net profit of separate financial statements after deductions have been made for relevant reserves. The payment of dividends shall be done only with the prior consent of the Board of Directors and shall be approved by the Shareholders as it deems appropriate.

	2011	2012	2013
Dividend (Baht per share)	0.54	None	None

## Section 3

## Financial information compared over the period of last 3 years

## Statement of financial position

Statement of financial position	31 December 2011		31 December 2012		31 December 2013		30 June 2014	
	THB Million	%	THB Million	%	THB Million	%	THB Million	%
<b>Assets</b>								
<b>Current assets</b>								
Cash and cash equivalents	1,016.22	11.9	844.86	7.4	1,653.07	13.1	1,755.25	10.8
Current investments	327.70	3.8	556.06	4.8	2,065.74	16.4	1,129.23	6.9
Trade and other receivables	2,107.39	24.7	2,782.46	24.3	2,421.67	19.2	1,934.92	11.9
Prepaid expenses	283.70	3.3	319.74	2.8	269.12	2.1	292.63	1.8
Inventories	995.15	11.7	1,039.38	9.1	619.68	4.9	694.73	4.3
Advance payments	115.70	1.4	187.85	1.6	166.80	1.3	149.42	0.9
Other current assets	594.16	7.0	575.40	5.0	1,581.58	12.5	1,351.11	8.3
<b>Total current assets</b>	<b>5,440.02</b>	<b>63.7</b>	<b>6,305.75</b>	<b>55.0</b>	<b>8,777.66</b>	<b>69.6</b>	<b>7,307.29</b>	<b>44.8</b>
<b>Non-current assets</b>								
Investments in associates	253.66	3.0	301.48	2.6	301.39	2.4	306.31	1.9
Other long-term investments	1,093.98	12.8	1,502.12	13.1	342.48	2.7	227.25	1.4
Loans to related parties	1.38	0.0	6.20	0.1	4.97	0.0	4.56	0.0
Property, plant and equipment	1,075.01	12.6	1,631.24	14.2	1,785.01	14.2	1,747.77	10.7
Goodwill	79.86	0.9	79.86	0.7	79.86	0.6	74.82	0.5
Other intangible assets	384.96	4.5	1,134.56	9.9	530.18	4.2	446.61	2.7
Cost of spectrum license	--	--	--	--	--	--	5,543.32	34.0
Deferred tax assets	--	--	155.56	1.4	242.15	1.9	280.36	1.7
Other non-current assets	205.00	2.4	348.71	3.0	539.82	4.3	363.17	2.2
<b>Total non-current assets</b>	<b>3,093.85</b>	<b>36.3</b>	<b>5,159.72</b>	<b>45.0</b>	<b>3,825.86</b>	<b>30.4</b>	<b>8,994.16</b>	<b>55.2</b>
<b>Total assets</b>	<b>8,533.87</b>	<b>100.0</b>	<b>11,465.47</b>	<b>100.0</b>	<b>12,603.51</b>	<b>100.0</b>	<b>16,301.45</b>	<b>100.0</b>
<b>Liabilities</b>								
<b>Current liabilities</b>								
Bank overdraft and short-term loans from banks	1,254.71	14.7	3,109.19	27.1	4,329.44	34.4	883.32	5.4
Trade and other payables	1,992.13	23.3	2,546.58	22.2	2,521.76	20.0	2,111.12	13.0
Unearned income	599.44	7.0	513.20	4.5	549.44	4.4	557.86	3.4
Current portion of long-term loans	123.21	1.4	301.35	2.6	28.85	0.2	24.00	0.1
Current portion of liabilities under finance lease agreements	22.76	0.3	22.78	0.2	18.72	0.1	16.12	0.1
Cost of spectrum license payable	--	--	--	--	--	--	939.00	5.8
Income tax payable	58.82	0.7	35.81	0.3	31.28	0.2	37.63	0.2
Other current liabilities	293.98	3.4	436.50	3.8	437.20	3.5	281.98	1.7
<b>Total current liabilities</b>	<b>4,345.04</b>	<b>50.9</b>	<b>6,965.41</b>	<b>60.8</b>	<b>7,916.68</b>	<b>62.8</b>	<b>4,851.02</b>	<b>29.8</b>
<b>Non-current liabilities</b>								
Long-term loans – net current portion	243.32	2.9	152.89	1.3	281.15	2.2	5,534.47	34.0
Liabilities under finance lease agreements - net of current portion	38.91	0.5	45.30	0.4	40.56	0.3	32.57	0.2

Statement of financial position	31 December 2011		31 December 2012		31 December 2013		30 June 2014	
	THB Million	%	THB Million	%	THB Million	%	THB Million	%
Cost of spectrum license payable - net of current portion	--	--	--	--	--	--	3,354.00	20.6
Provision for long-term employee benefits	232.05	2.7	260.84	2.3	335.04	2.7	352.31	2.2
Deferred tax liabilities	--	--	80.73	0.7	14.51	0.1	0.03	0.0
Other non-current liabilities	31.89	0.4	31.24	0.3	38.80	0.3	20.24	0.1
<b>Total non-current liabilities</b>	<b>546.18</b>	<b>6.4</b>	<b>571.00</b>	<b>5.0</b>	<b>710.05</b>	<b>5.6</b>	<b>9,293.62</b>	<b>57.0</b>
<b>Total liabilities</b>	<b>4,891.22</b>	<b>57.3</b>	<b>7,536.41</b>	<b>65.7</b>	<b>8,626.73</b>	<b>68.4</b>	<b>14,144.64</b>	<b>86.8</b>
<b>Shareholders' equity</b>								
Share capital								
Registered	530.56	6.2	530.56	4.6	636.32	5.0	636.32	3.9
Issued and fully paid	530.26	6.2	530.26	4.6	636.32	5.0	636.32	3.9
Paid-in capital								
Share premium	1,626.12	19.1	1,626.12	14.2	2,580.60	20.5	2,580.60	15.8
Transferred of share premium to offset deficit in separate financial statements	271.20	3.2	271.20	2.4	271.20	2.2	271.20	1.7
Capital surplus from share premium of subsidiaries	860.96	10.1	860.96	7.5	860.97	6.8	860.97	5.3
Retained earnings								
Appropriated - statutory reserve	53.06	0.6	53.06	0.5	63.63	0.5	63.63	0.4
Transfer of statutory reserve to offset deficit in separate financial statements	50.00	0.6	50.00	0.4	50.00	0.4	50.00	0.3
Unappropriated (deficit)	521.46	6.1	308.37	2.7	(1,012.03)	(8.0)	(2,716.68)	(16.7)
Other components of shareholders' equity	(982.69)	(11.5)	(654.35)	(5.7)	(405.05)	(3.2)	(468.72)	(2.9)
Equity attributable to owners of the Company	2,930.38	34.3	3,045.62	26.6	3,045.63	24.2	1,277.31	7.8
Non-controlling interests of the subsidiaries	712.28	8.3	883.43	7.7	931.15	7.4	879.50	5.4
<b>Total shareholders' equity</b>	<b>3,642.65</b>	<b>42.7</b>	<b>3,929.05</b>	<b>34.3</b>	<b>3,976.78</b>	<b>31.6</b>	<b>2,156.81</b>	<b>13.2</b>
<b>Total liabilities and shareholders' equity</b>	<b>8,533.87</b>	<b>100.0</b>	<b>11,465.47</b>	<b>100.0</b>	<b>12,603.51</b>	<b>100.0</b>	<b>16,301.45</b>	<b>100.0</b>

## Income statement

Income statement	2011		2012		2013		First half of 2013		First half of 2014	
	THB Million	%	THB Million	%	THB Million	%	THB Million	%	THB Million	%
<b>Revenues</b>										
Sales of goods	1,488.61	15.9	2,276.54	19.4	2,275.71	20.7	1,024.40	19.0	1,254.87	27.2
Service income	6,494.42	69.2	8,177.17	69.6	7,524.20	68.4	3,766.19	69.7	2,700.02	58.5
Revenues from copyrights	1,119.54	11.9	981.77	8.4	821.61	7.5	440.47	8.2	369.00	8.0
Interest income	29.76	0.3	35.76	0.3	49.10	0.4	16.50	0.3	33.01	0.7
Dividend received	54.41	0.6	49.00	0.4	34.34	0.3	34.34	0.6	11.56	0.3
Gain on sale of other long-term investments	--	--	--	--	--	--	24.43	0.5	147.05	3.2
Gains on disposal of equipment	35.08	0.4	19.44	0.2	--	--	--	--	--	--
Other income	166.14	1.8	216.78	1.8	298.74	2.7	97.18	1.8	99.77	2.2
<b>Total revenues</b>	<b>9,387.96</b>	<b>100.0</b>	<b>11,756.47</b>	<b>100.0</b>	<b>11,003.69</b>	<b>100.0</b>	<b>5,403.51</b>	<b>100.0</b>	<b>4,615.26</b>	<b>100.0</b>
<b>Expenses</b>										
Cost of sales and services	5,396.65	57.5	8,062.46	68.6	7,786.85	70.8	3,599.36	66.6	4,119.17	89.3
Selling and servicing expenses	505.55	5.4	874.77	7.4	1,007.46	9.2	478.51	8.9	436.12	9.4
Administrative expenses	2,508.03	26.7	2,863.03	24.4	3,216.02	29.2	1,615.41	29.9	1,616.84	35.0
<b>Total expenses</b>	<b>8,410.23</b>	<b>89.6</b>	<b>11,800.26</b>	<b>100.4</b>	<b>12,010.32</b>	<b>109.1</b>	<b>5,693.28</b>	<b>105.4</b>	<b>6,172.14</b>	<b>133.7</b>
<b>Profit (loss) before share of profit from investments in associates, finance cost and income tax expenses</b>	<b>977.73</b>	<b>10.4</b>	<b>(43.80)</b>	<b>(0.4)</b>	<b>(1,006.63)</b>	<b>(9.1)</b>	<b>(289.77)</b>	<b>(5.4)</b>	<b>(1,556.88)</b>	<b>(33.7)</b>
Share of profit from investments in associates	57.21	0.6	87.49	0.7	15.98	0.1	19.20	0.4	5.61	0.1
<b>Profit (loss) before finance cost and income tax expenses</b>	<b>1,034.94</b>	<b>11.0</b>	<b>43.69</b>	<b>0.4</b>	<b>(990.66)</b>	<b>(9.0)</b>	<b>(270.57)</b>	<b>(5.0)</b>	<b>(1,551.26)</b>	<b>(33.6)</b>
Finance cost	(54.88)	(0.6)	(108.40)	(0.9)	(139.29)	(1.3)	(66.66)	(1.2)	(140.23)	(3.0)
<b>Profit (loss) before income tax expenses</b>	<b>980.06</b>	<b>10.4</b>	<b>(64.70)</b>	<b>(0.6)</b>	<b>(1,129.94)</b>	<b>(10.3)</b>	<b>(337.23)</b>	<b>(6.2)</b>	<b>(1,691.49)</b>	<b>(36.6)</b>
Income tax expenses	(295.99)	(3.2)	(184.27)	(1.6)	(91.21)	(0.8)	(65.44)	(1.2)	(33.74)	(0.7)
<b>Profit (loss) for the period</b>	<b>684.07</b>	<b>7.3</b>	<b>(248.97)</b>	<b>(2.1)</b>	<b>(1,221.15)</b>	<b>(11.1)</b>	<b>(402.67)</b>	<b>(7.5)</b>	<b>(1,725.23)</b>	<b>(37.4)</b>
<b>Profit (loss) attributable to:</b>										
Equity holders of the Company	625.54	6.7	(322.06)	(2.7)	(1,282.71)	(11.7)	(441.12)	(8.2)	(1,704.65)	(36.9)
Non-controlling interests of the subsidiaries	58.52	0.6	73.09	0.6	61.56	0.6	38.44	0.7	(20.58)	(0.4)
	<b>684.07</b>	<b>7.3</b>	<b>(248.97)</b>	<b>(2.1)</b>	<b>(1,221.15)</b>	<b>(11.1)</b>	<b>(402.67)</b>	<b>(7.5)</b>	<b>(1,725.23)</b>	<b>(37.4)</b>

<i>Income statement</i>	2011		2012		2013		First half of 2013		First half of 2014	
	THB Million	%	THB Million	%	THB Million	%	THB Million	%	THB Million	%
<b>Basic earnings per share (THB)</b>										
Profit (loss) attributable to equity holders of the Company	1.18	THB	(0.61)	THB	(2.27)	THB	(0.83)	THB	(2.68)	THB
<b>Profit (loss) for the period</b>	<b>684.07</b>	<b>7.3</b>	<b>(248.97)</b>	<b>(2.1)</b>	<b>(1,221.15)</b>	<b>(11.1)</b>	<b>(402.67)</b>	<b>(7.5)</b>	<b>(1,725.23)</b>	<b>(37.4)</b>
<b>Other comprehensive income:</b>										
Actuarial losses – net of income tax expenses	--	--	--	--	(32.96)	(0.3)	(33.21)	(0.6)	--	--
Exchange differences on translation of financial statements in foreign currency	(1.60)	(0.0)	0.36	0.0	(1.34)	(0.0)	(0.30)	(0.0)	0.21	0.0
Loss on change in value of available-for-sale investments - net of income tax expenses	(183.84)	(2.0)	376.82	3.2	88.80	0.8	222.49	4.1	11.35	0.2
Reversal of gain (loss) on change in value of available - for-sale investments - net of income tax expenses	--	--	--	--	--	--	192.89	3.6	(75.23)	(1.6)
<b>Other comprehensive income for the period</b>	<b>(185.44)</b>	<b>(2.0)</b>	<b>377.17</b>	<b>3.2</b>	<b>54.51</b>	<b>0.5</b>	<b>381.87</b>	<b>7.1</b>	<b>(63.67)</b>	<b>(1.4)</b>
<b>Total comprehensive income for the period</b>	<b>498.63</b>	<b>5.3</b>	<b>128.20</b>	<b>1.1</b>	<b>(1,166.64)</b>	<b>(10.6)</b>	<b>(20.80)</b>	<b>(0.4)</b>	<b>(1,788.90)</b>	<b>(38.8)</b>
<b>Total comprehensive income attributable to:</b>										
Equity holders of the Company	440.90	4.7	55.11	0.5	(1,222.36)	(11.1)	(53.36)	(1.0)	(1,768.32)	(38.3)
Non-controlling interests of the subsidiaries	57.73	0.6	73.09	0.6	55.72	0.5	32.56	0.6	(20.58)	(0.4)
	<b>498.63</b>	<b>5.3</b>	<b>128.20</b>	<b>1.1</b>	<b>(1,166.64)</b>	<b>(10.6)</b>	<b>(20.80)</b>	<b>(0.4)</b>	<b>(1,788.90)</b>	<b>(38.8)</b>



## Statement of cash flows

<i>Statement of cash flows</i> <i>(Unit : THB Million)</i>	2011	2012	2013	First half of 2013	First half of 2014
<b>Cash flows from operating activities</b>					
Profit (loss) before tax	980.06	(64.70)	(1,129.94)	(337.23)	(1,691.49)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:					
Depreciation	269.80	297.83	350.24	157.12	194.64
Amortisation	155.27	512.73	376.69	200.78	773.92
Amortisation of spectrum license	--	--	--	--	68.68
Allowance for doubtful accounts (reversal)	15.03	(4.89)	(35.69)	9.43	4.33
Reduction of cost of inventory to net realisable value (reversal)	23.80	23.36	203.58	19.54	(75.39)
Provision for sales returns (reversal)	(0.54)	2.55	108.09	(3.19)	(78.45)
Reversal of allowance for advance	(5.08)	--	--	--	--
Reversal of allowance for impairment of other long-term investments	(14.00)	(5.50)	--	--	--
Gain on sale of investment in associates	(0.43)	--	--	--	(0.02)
Loss (gain) on sale of other long-term investments	11.36	(10.36)	(114.40)	(24.43)	(147.05)
Loss (gain) on disposal of equipment	(35.08)	(18.53)	4.65	8.82	15.06
Dividend received	(54.41)	(49.00)	(34.34)	(34.34)	(11.56)
Share of profit from investments in associates	(57.21)	(87.49)	(15.98)	(19.20)	(5.61)
Long-term employee benefit expenses	27.98	31.01	39.55	19.78	21.60
Interest income	(29.76)	(35.76)	(49.10)	(16.50)	(33.01)
Interest expenses	54.88	108.40	139.29	66.66	140.23
Gain on sale of investments in subsidiaries	--	--	--	--	(11.26)
Profit (loss) from operating activities before changes in operating assets and liabilities	1,341.66	699.65	(157.35)	47.23	(835.37)
Decrease (increase) in operating assets					
Trade and other receivables	241.39	(670.18)	396.49	(11.42)	460.65
Prepaid expenses	(224.53)	(72.15)	50.62	69.09	(24.66)
Inventories	(503.38)	(36.05)	84.20	57.95	(28.74)
Advance payments	(6.00)	(177.86)	21.05	(52.64)	16.08
Other current assets	(314.30)	78.12	(302.26)	36.88	(41.71)
Other non-current assets	(153.69)	(1,282.48)	(408.52)	(183.95)	(345.86)
Increase (decrease) in operating liabilities					
Trade and other payables	192.33	528.74	(9.63)	21.32	(330.12)
Unearned income	209.46	(86.24)	36.24	45.75	15.46
Other current liabilities	(14.91)	139.97	(107.39)	(123.08)	(74.96)
Provision for long-term employee benefits	(6.81)	(2.22)	(6.55)	(1.39)	--
Other non-current liabilities	(11.94)	(0.65)	7.56	7.30	(1.49)
Cash flows used in operating activities	749.29	(881.33)	(395.54)	(86.97)	(1,190.72)
Cash paid for interest expenses	(46.37)	(97.30)	(151.77)	(65.82)	(217.00)
Cash paid for income tax	(368.07)	(317.30)	(291.78)	(164.15)	(139.72)
<b>Net cash flows used in operating activities</b>	<b>334.85</b>	<b>(1,295.93)</b>	<b>(839.09)</b>	<b>(316.95)</b>	<b>(1,547.44)</b>

<i>Statement of cash flows</i> <i>(Unit : THB Million)</i>	2011	2012	2013	First half of 2013	First half of 2014
<b>Cash flows from investing activities</b>					
Acquisition of equipment	(374.92)	(827.68)	(518.30)	(254.98)	(238.75)
Decrease in accounts payable - purchases of assets	(1.00)	--	(2.71)	(17.32)	(9.03)
Cash paid to purchase additional investments in subsidiaries	(1.03)	--	--	--	(6.30)
Cash received from sale of investments in subsidiaries	--	--	--	--	17.51
Cash received from returning investments of associate	8.69	13.15	--	--	0.02
Cash received from sale of other long-term investments	3.14	18.45	1,456.41	708.64	188.74
Cash paid to purchase additional investments in associates	(9.15)	--	(22.49)	(19.68)	(10.66)
Cash paid to purchase other long-term investments	(40.06)	(2.21)	(0.74)	(0.74)	(4.82)
Cash received from disposal of equipment	51.85	39.88	22.01	12.75	11.07
Decrease (increase) in loans to related parties	(1.38)	(4.82)	1.23	(0.37)	0.40
Dividend received from subsidiaries and associates	35.22	27.05	41.50	41.50	11.35
Dividend received from other long-term investments	54.41	49.00	34.34	34.34	11.56
Cash received from non-controlling interests of subsidiaries					
from investments in subsidiaries	97.81	172.79	55.95	6.50	28.37
Interest income	29.76	35.76	39.71	16.50	42.40
Decrease in current investments	(123.40)	(228.35)	(1,509.69)	342.77	936.51
Cash paid for spectrum license	--	--	--	--	(1,130.00)
<b>Net cash flows from (used in) investing activities</b>	<b>(270.06)</b>	<b>(706.98)</b>	<b>(402.77)</b>	<b>869.91</b>	<b>(151.64)</b>

<i>Statement of cash flows</i> (Unit : THB Million)	2011	2012	2013	First half of 2013	First half of 2014
<b>Cash flows from financing activities</b>					
Increase (decrease) in bank overdrafts and short-term loans from banks	468.27	1,854.48	1,220.25	(397.61)	(3,431.87)
Cash received from long-term loans	195.78	235.12	142.79	135.00	5,310.27
Repayment of long-term loans	(130.59)	(147.42)	(287.02)	--	(9.87)
Decrease in short-term loans from related parties	--	--	--	(284.48)	--
Repayment of liabilities under finance lease agreements	(22.36)	(26.70)	(21.19)	(13.46)	(12.94)
Dividend paid	(503.75)	--	--	--	--
Dividend paid to non-controlling interest of subsidiaries	(54.00)	(84.29)	(63.94)	(36.48)	(54.54)
Proceeds from increase in share capital	--	--	1,060.53	--	--
<b>Net cash flows from (used in) financing activities</b>	<b>(46.65)</b>	<b>1,831.20</b>	<b>2,051.41</b>	<b>(597.03)</b>	<b>1,801.05</b>
<b>Increase (decrease) in translation adjustments</b>	<b>(0.80)</b>	<b>0.36</b>	<b>(1.34)</b>	<b>(0.30)</b>	<b>0.21</b>
Net increase (decrease) in cash and cash equivalents	17.34	(171.37)	808.21	(44.36)	102.18
Cash and cash equivalents at beginning of period	998.89	1,016.22	844.86	844.86	1,653.07
<b>Cash and cash equivalents at end of period</b>	<b>1,016.22</b>	<b>844.86</b>	<b>1,653.07</b>	<b>800.49</b>	<b>1,755.25</b>
<b>Supplemental cash flows information:</b>					
Non-cash transactions:					
Assets purchases which payment has yet to be made	--	14.62	--	--	--
Increase in assets from finance lease agreements	27.95	33.11	12.38	6.51	3.17