

(Translation)

Information Memorandum in connection with the Acquisition of Assets

Of

RS Public Company Limited

March 20, 2014

Subject: Information Memorandum in connection with the Acquisition of Assets

To: President

The Stock Exchange of Thailand

Pursuant to the meeting of the Board of Directors of RS Public Company Limited (the "Company" or "RS") No. 4/2013 dated November 12, 2013 having resolved to approve its subsidiary, R.S. Television Company Limited ("RSTV") where RS holds 99.99 percent of its paid-up shares, to participate in the auction for the License for Radio Frequency Usage for Commercial Digital TV at National Level (the "Licenses for Radio Frequency Usage") with the National Broadcasting and Telecommunications Commission (the "NBTC"), RSTV has applied for the bidding of such license in the category of Variety Programs in Standard Definition ("SD Variety") to the NBTC since October 28, 2013 and has participated in the bidding since December 26, 2013. On January 13, 2014, RSTV has received a notification, dated January 10, 2014, from the NBTC confirming that RSTV has won the license for an SD Variety channel for totaling THB 2,265 million (excluding VAT). The Company has revealed information of assets acquisition to the Stock Exchange of Thailand date January 14, 2014, as amended and the meeting of the Board of Directors of RS No. 1/2014 dated January 16, 2014 has resolved to propose to the shareholders' meeting to rectify the acquisition of such license.

The transaction is considered an assets acquisition per the Notification of the Capital Market Advisory Board having the volume of the transaction of 102.73% of RS's consolidated total assets. It is then classified as a Class 4 Transaction or the transaction with its volume exceeding 100 percent. Since the transaction is qualified under Clause 24 of the Notification on Assets Acquisition and Disposition; RS is, then, not required to resubmit its listing application. However, RS is required to disclose the information memorandum concerning the transaction to the SET, appoint the independent financial advisor to provide opinions to the shareholders, and seek for the shareholders' approval to enter into the transaction with a three fourths of the voting rights of the shareholders attending the meeting and having right to vote.

However, RS was not able to seek for the shareholders' approval before entering in to the transaction because the disclosure of bidding amount in advance may adversely affect its competitiveness in the action. Also, at the auction date, it was not certain whether RS shall win the bidding or not. Even if it won, it is not certain that the bidding

amount may not reach the level that makes the volume of the transaction to reach the point where it has to seek shareholders' approval or not. Therefore, RS had to enter into necessary commitments before receiving the shareholders' approval. Such acts are in line with other listed companies who won the bidding.

For making such License acquisition legal binding, the Board of the Directors of RS No. 2/2014 dated February 26, 2014 has resolved to propose to the shareholders to consider and ratify the assets acquisition.

The Company has appointed Capital Advantage Co., Ltd. as an independent financial advisor to express an opinion on the appropriateness of the transaction and fairness of price and other conditions.

1. Transaction Date

January 10, 2014

2. Transaction Party and Relationship to the Company

2.1 The Digital Television Licenses.

Licensee: R.S. Television Co., Ltd., a subsidiary of the Company in which it holds 99.99 percent of the shares.

Licensor: The National Broadcasting and Telecommunication Commission (NBTC)

Relationship between the Company and subsidiary -None-

2.2 The Standard Definition Terrestrial Digital Television Network Rental.

Service Provider: Thai Public Broadcasting service ("Thai PBS")

Subscriber: R.S. Television Co., Ltd.,

Relationship between the Company and subsidiary -None-

3. General Information on the Transaction

It is an auction proceeding that concerns the use of a television frequency to engage in the National Digital Television Services categorized in Variety Channel (Standard Definition) for 1 channel; the auction encompasses a total of 7 channels. Engagement in the digital television business is in accordance with the policy of NBTC, which intends to shift the television broadcast system from an analog system to a digital system; the digital system technology causes the signal to be stable, with sharper imagery and better sound.

The size of the transaction accounts for 102.73 % of the total assets, which is considered a class 4 transaction in accordance with the Notification re: Acquisition or Disposal.

The transaction with volume exceeding 100 percent. Since the transaction is qualified under Clause 24 of the Notification on Assets Acquisition or Disposition; RS is, then, not required to re-submit its listing application ;

1. The acquired business is in a similar line of business or an mutually supporting business to the listed company;
2. The listed company has no policy to make a major change in its main business after the acquisition;
3. The enlarged group resulting from the acquisition of assets has suitable qualifications for listing with the Exchange;
4. There will be no material change in the composition of the board of directors of the listed company or in the power to control the listed company or in the controlling shareholders of the listed company.

4. Details of Assets to be Acquired

The right to use a frequency and the right to engage in the National Digital television Service categorized Variety in Channel (Standard Definition) for 1 channel; the license to use the frequency and the license to operate digital television services has a life of 15 years, beginning from the date the license is granted. When the license expires, if there is intent to continue to operate digital television services, an application for extension of the license must be submitted to NBTC in accordance with the criteria and selected methods of the spectrum auction.

5. Total Consideration Value

5.1 License fee for the Digital Television.

R.S. Television Co., Ltd. won the auction with an offer of 2,265,000,000 baht, which has been guaranteed with 10% cash (38 million baht) of the minimum price (380 million baht), and must pay the charges of the license under the following terms specified by NBTC:

Installment 1 Pay the charges of the minimum price in the amount of 190 million baht and pay the outstanding amount that exceeded the minimum price in the amount of 188.5 million baht within 30 days from the day notification was received announcing the winning of the auction.

Installment 2 Pay the charges of the minimum price in the amount of 114 million baht and pay the outstanding amount that exceeded the minimum price in the amount of 188.5 million baht within 30 days from the completion of 1 year from the day the license was received.

Installment 3 Pay the charges of the minimum price in the amount of 38 million baht and pay the outstanding amount that exceeded the minimum price in the amount of 377 million baht within 30 days from the completion of 2 years from the day the license was received.

Installment 4 Pay the charges of the minimum price in the amount of 38 million baht and pay the outstanding amount that exceeded the minimum price in the amount of 377 million baht within 30 days from the completion of 3 years from the day the license was received.

Installment 5 Pay the charges of the outstanding amount that exceeded the minimum price in the amount of 377 million baht within 30 days from the completion of 4 years from the day the license was received.

Installment 6 Pay the charges of the outstanding amount that exceeded the minimum price in the amount of 377 million baht within 30 days from the completion of 5 years from the day the license was received.

Note: The charges for the license to use the television frequency does not include taxes, various fees, and interest stipulated by law.

In addition to the cost of the Standard Definition Terrestrial Digital Television License total 2,265,000,000 Baht, RSTV to pay annual license of NBTC 2 percent and 2 percent Submit to Broadcasting and Telecommunications Research and Development Fund for the Public Interest of revenues before deducting expenses of advertising, both direct and indirect and other income relating to services licensed by the announcement that one. This is the cost of operations resulting from the operation of the Digital Television license. Therefore, not be included in calculating of the transaction size.

5.2 The Rental Fee of the Standard Definition Terrestrial Digital Television Network

The Rental Fee of the Standard Definition Terrestrial Digital Television Network with Thai PBS : 15 years (Ending June 16, 2028) valued Baht 802,656,000. Excluding inflation forecast.

6. Source of Investment Funds

The source of investment funds is from the business and borrowed from financial institutions. The entering into loan agreements with financial institutions is without conditions and obligations that impact shareholder rights.

7. Anticipated Benefit for the Company

From the Company's success in satellite television, the Company is expanding the business into digital television. The Company expects that the expansion will increase its revenues, with the principal reasons as follows:

1. Entering into the digital broadcast system allows the Company's television channel to reach all program viewer groups via every platform
2. It increases the potential of seeking revenue from the Company's media business and creates overall security for the businesses of the Company in the long term

8. Basis Used to Determine the Value of Consideration

The total value of consideration paid compared with the total assets of the Company and its subsidiaries as of December 31, 2013 is as follows:

No.	Particulars	Value (Baht)
1.	The Licenses and the right to use allocated frequencies for National Digital Television Services for Variety Channel in Standard Definition (SD) for 15 years	2,265,000,000
2.	The Standard Definition Terrestrial Digital Television Network Services fee for about 15 years.	802,656,000
	Total	3,067,656,000

Total Value of Consideration x 100 3,067,656,000 x 100 = 102.73 %

Total Assets of the Company 2,986,209,846.39

as of December 31, 2013

In the period of 6 months before entering into the transaction, the Company did not enter into transactions for the acquisition of assets.

9. Opinions of the Company's Board of Directors re: Reaching the Settlement

The Board of Directors of the Company view that, in the past, the Company enjoyed success in the satellite television business, with a leading position in the industry. As such, if there is an expansion of the business into digital television, which is a national platform, it will help boost competitive capacity to a level on par with former operators in the analog system. The Board of Directors of the Company thus hold the view that the aforementioned transaction is considered to be a good business opportunity that benefits the Company and offers greater returns in the future. They have therefore viewed permission as appropriate and entrusted the management team with the authority to proceed in related matters.

10. Opinions of the Audit Committee and/or Company Directors who have Differing Views than the Board of Directors

-None-

11. Statement of the Responsibility of the Board of Directors with respect to information in document sent to shareholders

The Board of Director of the Company is responsible for the information contained in this information Memorandum and the other document being sent to the shareholders. The Board of Director have each reviewed with due care the information contained in this information Memorandum and the other documents being sent to shareholders

and certifies, to the best of their knowledge, that they do not contain any false statement of a material fact nor do they omit to state any material fact required to be included or necessary to make the statement included not misleading.

12. Opinion of Independent Financial Advisor

Please see the report of the Independent Financial Advisor included as Attachment.

Qualification of the Independent Financial Advisor to give an opinion on the transaction

- (1) Shareholding and relationship with the Company.
-None-
- (2) Consent from the Independent Financial Advisor to public opinion.
Agrees to public opinion.
- (3) Date of opinion.
March 20, 2014

13. Total amount of debt instruments issued and not yet released, Total amount of fixed-term loans, Total value of financial indebtedness in other categories, Bank overdraft and Financial Indebtedness to be incurred in the future.

13.1 Total amount of debt instruments issued and not yet released

- None –

13.2 Total amount of fixed-term loans.

As of December 31, 2014 that subsidiary had long-term loan due within one year in the amount of 286.9 million baht, loan divided as follows:

- Loan of 420 million baht, the last installment of principal payable in September 2015, guaranteed by the Company.
- Lone of 210 million baht (Balances are not drawn of 103.1 million baht) payable within the year 2015, guaranteed by the Company.

13.3 Total value of financial indebtedness in other categories

As of December 31, 2014, the liabilities under financial lease of 17.9 million baht was primarily due within one year amount of 5.1 million baht.

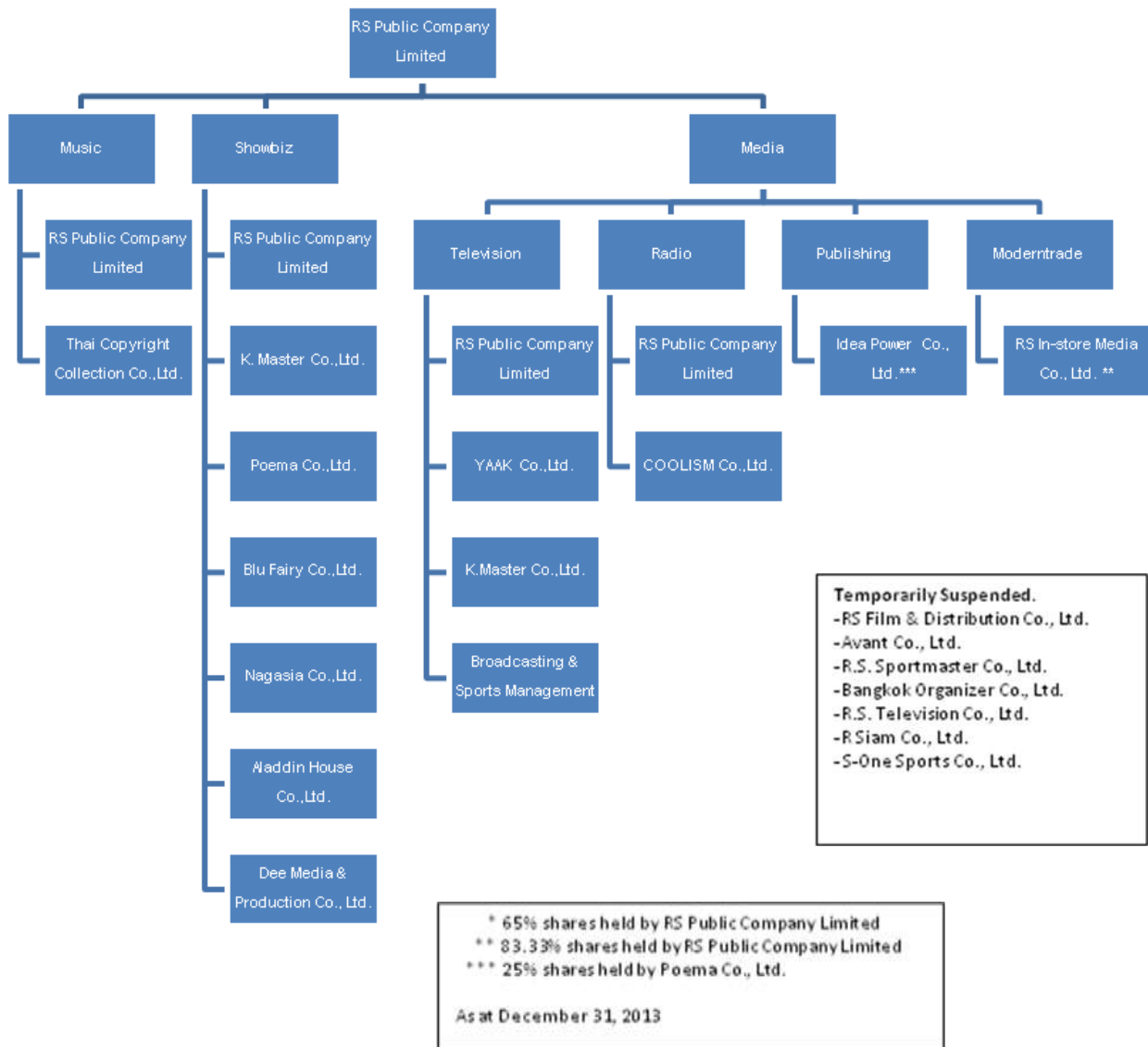
13.4 Financial Indebtedness to be incurred in the future.

As of December 31, 2014, the Company and its subsidiaries were sued. Due to piracy operations the total amount of 69.6 million baht. However, the Company and its subsidiaries has estimated the total liabilities amounted of 2.0 million baht. Currently under consideration by the court.

14. Summary of key Company information.

14.1 Nature of Business Operations

RS starting business from the jukebox and the tape record under the "Rose" brand by Mr.Kriengkrai chetchotisak and Mr.Surachai Chetchotisak in 2519 and fully established in 1992. RS listed on the Stock Exchange of Thailand and was renamed to "RS Public Company Limited" operating 3 major business such as Music Business, Show Business and Media Business until now. The company's operations are grouped as follows:



At present, RS Group has 3 main core businesses which are the Music Business, Show Business and Media Business.

Music Business

RS runs the music business in a complete cycle with all-inclusive operations from tryouts, production, promotion, marketing and media strategic planning, artist and music content management through both digital and physical distribution. Music business acquires most of its revenue from the following 3 sources:

- 1) Revenue from music products through Digital Content in the forms of Download, Ringtone, Ring-Back Tone, downloading of full song through various channels such as iTunes, the www.rsonlinemusic.com website, or Wireless Application Protocol , and music listening in the form of on line streaming through “Deezer” system.
- 2) Income from the sale of music products in forms of CD, MP3 in the forms of new and old hit singles in various formats, including VCDs and DVDs recording the concerts of Thai modern or country music artists through their new single albums, and/or their hits collection versions and so on.
- 3) Revenue from copyright collection through RS affiliated company called “Thai Copyright Collection Co., Ltd.” or “TCC” which collects all commercially viable copyright fees.

Showbiz Business

Showbiz income derives from 2 parts i.e.

Concerts and events

Shows and events are another business that is rapidly growing in Thailand because products, services and advertising agencies has turned to allocate more budget for below-the-line activities over the past years as a result of a rising cost of airtime for TV commercials compounded by a larger number of competitors selling products in the same category.

RS is specialized in organizing concerts and events to fulfill marketing plans of agencies, for the promotion of products and services, that have turned to invest in non-media or below-the-line activities in forms of shows and events, and a series of plans for the organization of entertainment activities that can obtain long-term positive effects on business will be presented.

Artist Management

RS’s long-time engagement in the business of integrated entertainment results in loads of artists and actors/actresses under the care of the Company. These personnel are valuable assets who create value for the Company and be a representative of the Company in joining activities with other organizations, and taking jobs to appear in public events after their albums are released and promoted.

Artist management is an arrangement of all affairs to add value to artists, create jobs to boost income for artists in addition to the launch of music work or performances as usual i.e. organization of concerts inside and outside the country, appearance in public events for singing, fashion show performance, interview, sports playing, and so on, stage show performance in a fenced area with the sale of admission tickets, made-to-order production in accordance with individual customer requirements, and presentation show.

Media Business

RS media business consists of 2 major media i.e. TV, and Radio

TV Media Business

RS Public Company Limited operates 5 satellite television channels i.e.

Channel 8 is operated under the concept of Free TV with 24 hours varieties which presents its works to serve demands for all age and gender groups of audiences by producing and creating all forms of entertainment varieties. The laid out concept is similar to other free television channels which consists of variety of programs with its strength during the super prime time period for new television drama with its first run. In 2013, Channel 8 has 5 new first run dramas i.e. “Ka Kap Hong”, “Nang Marn”, “Khao Nok Na”, “Viva Pa Cha Teak” and “Poo Chana Sib Tis”.

Moreover, there are many programs in various varieties such as the news program “Kuikhao Chong 8”, and Kuikhao Yarmyen”, the entertainment programs “Bunthoeng 108”, the talk-show program “Pakpong”, the reality show program “Saengsawan Pichitfun”, the comedy, game-show and various concerts program including many foreign and domestic films that are being circulated in 24 hour broadcasting. New dramas and these programs have generated interesting trends among audiences and advertising agencies within a very short time which always reflects Channel 8’s rating as leader in the entertainment variety group from Nielsen Media Research.

Sabaidee TV channel focuses on the target group with appreciation of Thai songs not only limited to country music but also included songs for life, hit songs in the past, rare-to-hear old songs, string music, including underground music market where a music maker is given an opportunity to promote their work, under the slogan “various Thai style music, happy watching for the whole family”.

The strengths of Sabaidee TV channel of which its contents are produced and managed under R Siam record label is capitalized on to present a wide variety of programs, both in depth and in width, by drawing and utilizing the full potential of artists in our care along with the selection of an emcee with unique identity, well remembered and liked by people of many different groups. All of the aforesaid characteristics make Sabaidee TV a channel of pleasure people can watch all day where people can communicate all the time via SMS which will be shown on TV screen.

YOU Channel, the channel with program concept of “Television for Music Lovers” which consists of various programs such as live programs of variety favors and variety programs that are interesting to follow. This is to serve audiences and listeners of all ages and groups who love listening to music. Music videos or artist pictures in concerts are to be presented in various arrangements, and variety of entertainment programs to be shown in various formats. Creative materials are inserted to establish popularity trend to target group, and this is also another channel in recruiting new artists as well.

Channel 2 Star Max is the first complete phenomenal star variety in Thailand. This is the only station that gathers top variety shows from artists, actors, celebrities, and leading local and foreign artists in full. Additionally, popular contents with top quality have been arranged to be broadcasted 24 hours in order to serve the target group.

Sun Channel La Liga is a new channel under the “Extreme Entertainment Variety” concept that consists of sport, news, information, and entertainment programs. Main target group consists of people in their early working lives, and the adult group who love sport. The new channel still emphasizes on life broadcasting of the La Liga Spanish football in order to serve the audience group who love football which is the strong point of RS in this sector, and to expand for more coverage in this audience base group as well. The “Sun Channel La Liga” contains variety of programs such as “Inside La Liga”, Sun Sport”, La Liga World”, and “La Liga Show programs, etc.

Radio Business

RS operates the F.M. 93.0 MHz. frequency under the brand name “Cool Fahrenheit 93”, the F.M. 91.5 “Cool Celsius 91.5”, and “F.M. 88.5 Sabaidee Radio” with the following details:

Radio Station: COOL Fahrenheit 93 F.M. 93.0 MHz.

Cool Fahrenheit 93 offers easy-listening Thai songs which are favored by their audience. It is the first radio station, hosted by accepted professional PJs, that allows the audience to listen to voted songs for 50 minutes continuously. Activities that respond to the audience’s lifestyles and challenge the working group listeners are also part of the program, which enhances Cool Fahrenheit 93 to become number one radio for working people in a short period and by mutual consent according to Nielsen Media Research polls.

Radio Station: COOL Celsius 91.5 F.M. 91.5 MHz.

COOL Celsius 91.5 represents the radio program on international songs and variety programs. COOL Celsius 91.5 has started its broadcasting in March 1, 2013, and has become the first Thai radio station that introduces the foreign copyright contents. COOL Celsius 91.5 will use the strategy called “Killer Content” by bringing in the program on the report of American Top 40 using the famous host “Ryan Secrest” and to be broadcasted live with other 150 stations worldwide. Other content is the “Call me COOLISTA” that shows lifestyle contents on food, journey and including various fashions which answers all listeners’ lifestyle.

Radio Station: F.M. 88.5 MHz. Sabaidee Radio

Sabaidee Radio F.M. 88.5 presents with variety of Thai music i.e. country music, country for life music, country music with southern and northern accent, north-eastern music style, Mor-Lum, oldies string music, and including country pop music with the aim for easy listening, and popular to all members of the family. The radio frequency is widely and overwhelmingly accepted from audiences as its programs create good humor atmosphere among listeners similar to its name as “Sabaidee Radio, the new alternative radio frequency that creates smile and well-being families”. All songs have been selected from chart listed song hits with top download volume, and including decent materials to create good humor and well- being to families at all times. There are also professional teams of DJs who are well accepted from audiences in which some of them are very familiar with Sabaidee Radio fan club. Moreover, activity arrangements to serve life styles and friendships with the existing fan club members and expansion of the new fan club base have been created continuously. The resulting achievement enables Sabaidee radio F.M. 88.5 to receive acceptance and love, and constant loyalty from listeners

14.2 The financial statements of the past 3 years, Management Discussion and Analysis and Risk Factors

14.2.1 The financial statements of the past 3 years (2011-2013)

Detail	2011		2012		2013	
	(Audited)	%	(Audited)	%	(Audited)	%
ASSETS						
CURRENT ASSETS :						
Cash and cash equivalents	282,174	14.7%	313,597	12.3%	572,147	19.2%
Temporary investment - fixed deposit with maturity of twelve	4,208	0.2%	4,306	0.2%	4,391	0.1%
Trade accounts receivable-net	626,099	32.7%	652,953	25.6%	756,169	25.3%
Trade accounts receivable- Related parties-net	1,907	0.1%	11,155	0.4%	19,730	0.7%
Short-term loans to related parties - net	10,000	0.5%	-	-	-	-
Inventories - net	37,392	2.0%	140,564	5.5%	63,312	2.1%
Accrued income	140,261	7.3%	244,965	9.6%	233,716	7.8%
Other current assets	113,369	5.9%	152,697	6.0%	98,823	3.3%
Total Current Assets	1,215,409	63.5%	1,520,237	59.5%	1,748,288	58.5%
NON-CURRENT ASSETS :						
Investments in associated company for under the equity method	1,458	0.1%	5,606	0.2%	5,496	0.2%
Property plant and equipment - net	111,763	5.8%	259,520	10.2%	310,016	10.4%
Advance payment of license for operation right in spectrum of digital television	-	-	-	-	38,000	1.3%
Intangible assets - net	469,231	24.5%	643,320	25.2%	720,771	24.1%
Deferred tax assets	40,330	2.1%	64,554	2.5%	73,119	2.4%
Other non-current assets	75,269	3.9%	61,830	2.4%	90,520	3.0%
Total Non-Current Assets	698,050	36.5%	1,034,830	40.5%	1,237,922	41.5%
TOTAL ASSETS	1,913,459	100.0%	2,555,067	100.0%	2,986,210	100.0%

Detail	2011		2012		2013	
	(Audited)	%	(Audited)	%	(Audited)	%
LIABILITIES AND EQUITY						
CURRENT LIABILITIES :						
Short-term loans from financial institutions	-	-	86,000	3.4%	-	-
Trade accounts payable and others payable	231,308	12.1%	195,324	7.6%	185,015	6.2%
Trade accounts payable and others - related	1,305	0.1%	1,697	0.1%	1,659	0.1%
Current portion of liability under financial lease agreements	2,488	0.1%	4,587	0.2%	5,140	0.2%
Current portion of employee benefit obligations	-	-	-	-	11,011	0.4%
Current portion of long-term loan	-	-	240,000	9.4%	286,915	9.6%
Short-term loans from related parties	-	-	-	-	8,000	0.3%
Unearned revenues - others	66,481	3.5%	74,880	2.9%	196,725	6.6%
Accrued expenses	249,427	13.0%	324,454	12.7%	463,323	15.5%
Other current liabilities	113,716	5.9%	164,678	6.4%	164,382	5.5%
Total Current Liabilities	664,724	34.7%	1,091,619	42.7%	1,322,170	44.3%
NON-CURRENT LIABILITIES :						
Liabilities under financial lease agreements	10,982	0.6%	16,684	0.7%	12,759	0.4%
Long-term loans	-	-	81,000	3.2%	-	-
Employee benefit obligations	15,971	0.8%	32,537	1.3%	38,756	1.3%
Deferred tax liabilities	-	-	21,134	0.8%	30,874	1.0%
Other non-current liabilities	6,142	0.3%	10,626	0.4%	11,394	0.4%
Total Non-Current Liabilities	33,095	1.7%	161,981	6.3%	93,783	3.1%
Total Liabilities	697,819	36.5%	1,253,600	49.1%	1,415,953	47.4%
EQUITY						
Share capital :						
Authorized share capital	1,026,000	53.6%	1,026,000	40.2%	1,026,000	34.4%
Issued and paid - up share capital	882,654	46.1%	882,692	34.5%	953,867	31.9%
Treasury shares	-	-	(74,672)	(2.9%)	(74,672)	(2.5%)
Premium on share capital	129,502	6.8%	129,536	5.1%	193,593	6.5%
Advance receipts for share subscription	-	-	17,225	0.7%	30,061	1.0%
Difference between the purchase price of investment in subsidiaries						
under common control and their net book value	(16,594)	(0.9%)	(16,594)	(0.6%)	(16,594)	(0.6%)
Retained earnings (Deficits) :						
Appropriated - Legal reserve	17,959	0.9%	32,312	1.3%	52,995	1.8%
Appropriated - Treasury share reserve	-	-	74,672	2.9%	74,672	2.5%
Unappropriated	187,237	9.8%	251,060	9.8%	353,342	11.8%
Equity attributable to owners of the Company	1,200,759	62.8%	1,296,232	50.7%	1,567,264	52.5%
Non - controlling interests	14,881	0.8%	5,235	0.2%	2,993	0.1%
Total equity	1,215,640	63.5%	1,301,467	50.9%	1,570,257	52.6%
TOTAL LIABILITIES AND EQUITY	1,913,459	100.0%	2,555,067	100.0%	2,986,210	100.0%

Statement of Comprehensive Income for the year ending December 31, 2011-2013 .

(Thousand baht)

Detail	2011		2012		2013	
	(Restated)*	%	(Audited)	%	(Audited)	%
Revenues						
Revenue from media	941,852	34.5%	1,192,979	42.4%	1,986,275	57.4%
Revenue from music distribution	934,477	34.2%	883,216	31.4%	777,175	22.5%
Revenue from showbiz	814,141	29.8%	718,826	25.6%	692,561	20.0%
Revenue from other services	38,885	1.4%	17,370	0.6%	5,452	0.2%
Total sales and services income	2,729,356	100.0%	2,812,391	100.0%	3,461,463	100.0%
Cost of sales and services	1,799,490	65.9%	1,751,614	62.3%	2,109,271	60.9%
Gross profit	929,866	34.1%	1,060,778	37.7%	1,352,192	39.1%
Other income	35,666	1.3%	60,201	2.1%	22,354	0.6%
Gross profit before expenses	965,532	35.4%	1,120,978	39.9%	1,374,547	39.7%
Selling expenses	101,264	3.7%	151,472	5.4%	213,511	6.2%
Administrative expense	534,736	19.6%	556,744	19.8%	659,219	19.0%
Amortization of employee benefit expenses	9,859	0.4%	8,598	0.3%	8,705	0.3%
Total expenses	645,860	23.7%	716,813	25.5%	881,435	25.5%
Profit before finance costs and income tax	319,673	11.7%	404,165	14.4%	493,112	14.2%
Finance costs	2,707	0.1%	7,509	0.3%	17,294	0.5%
Profit before income tax	316,965	11.6%	396,656	14.1%	475,818	13.7%
Income tax	117,547	4.3%	122,824	4.4%	83,561	2.4%
Profit and comprehensive income for the years	199,418	7.3%	273,832	9.7%	392,257	11.3%
Attributable to						
Owner of the Company	189,109	6.9%	284,273	10.1%	394,492	11.4%
Non - controlling interests	10,310	0.4%	(10,442)	(0.4%)	(2,235)	(0.1%)
	199,418	7.3%	273,832	9.7%	392,257	11.3%
Earnings per share						
Owner of the Company (Baht)	0.2172		0.3256		0.4364	
Number of ordinary shares (Shares)	870,696		873,049		903,953	
Diluted earnings per share						
Owner of the Company (Baht)	0.2035		0.2991		0.4116	
Weighted average number of diluted ordinary	929,102		950,440		958,410	

Statement of Cash Flows for the year ending December 31, 2011-2013.

(Thousand baht)

Detail	2011		2012		2013	
	(Restated)*	%	(Audited)	%	(Audited)	%
ASH FLOWS FROM OPERATING ACTIVITIES						
Net profit	199,418	70.7%	273,832	87.3%	392,257	68.5%
Adjustments to reconcile net profit to net cash provided						
by (used in) operating activities						
Depreciation and amortization	85,419	30.3%	92,930	29.6%	278,242	48.6%
Allowance for doubtful accounts (reversal) and written off						
withholding tax	(2,119)	(0.8%)	(2,913)	(0.9%)	(13,720)	(2.4%)
Allowance for decline in value of inventory (reversal)	5,218	1.8%	2,425	0.8%	(12,402)	(2.2%)
Allowance for sales return - net (reversal)	(21,407)	(7.6%)	38,701	12.3%	(10,973)	(1.9%)
Allowance for impairment of assets (reversal)	1,901	0.7%	(18,694)	(6.0%)	28,296	4.9%
Allowance for impairment - investment in associate (reversal)	-	-	(4,148)	(1.3%)	-	-
Reversal impairment - investment in subsidiaries (reversal)	-	-	-	-	110	0.0%
Allowance for doubtful accounts on Short-term loans	(2,039)	(0.7%)	-	-	-	-
Provision for loss on investment in subsidiaries (reversal)	-	-	-	-	(2,253)	
Provision for damage from litigation case	3,861	1.4%	2,001	0.6%	-	-
Loss (gain) on sales and written off equipment	(3,556)	(1.3%)	20,538	6.5%	515	0.1%
Loss on sales of intangible assets	-	-	167	0.1%	-	-
Provision for employee benefits	17,391	6.2%	16,566	5.3%	17,230	3.0%
Unrealized gain on exchange rates	-	-	(507)	(0.2%)	(67)	(0.0%)
Interest income	(4,265)	(1.5%)	(2,395)	(0.8%)	(4,761)	(0.8%)
Interest expenses	2,707	1.0%	7,509	2.4%	17,294	3.0%
Income tax	117,565	41.7%	122,824	39.2%	83,561	14.6%
Profit from operating activities before changes in						
operating assets and liabilities	400,096	141.8%	548,837	175.0%	773,329	135.1%
(INCREASE) DECREASE IN OPERATING ASSETS						
Trade accounts receivable	(139,156)	(49.3%)	(36,670)	(11.7%)	(94,808)	(16.6%)
Inventories	9,824	3.5%	(105,597)	(33.7%)	89,721	15.7%
Other current assets	3,218	1.1%	(141,397)	(45.1%)	62,002	10.8%
Other non - current assets	(4,303)	(1.5%)	(23,442)	(7.5%)	(9,163)	(1.6%)
INCREASE (DECREASE) IN OPERATING LIABILITIES						
Accounts payable and others payable	14,663	5.2%	(37,222)	(11.9%)	(6,047)	(1.1%)
Other current liabilities	8,050	2.9%	80,368	25.6%	300,943	52.6%
Decrease in employee benefit obligations	(1,420)	(0.5%)	-	-	-	-
Other non - current liabilities	379	0.1%	4,030	1.3%	3,020	0.5%
Proceed from refunding withholding tax	26,435	9.4%	42,516	13.6%	11,775	2.1%
Payment of income tax	(80,639)	(28.6%)	(119,527)	(38.1%)	(146,492)	(25.6%)
Net Cash Provided by Operating Activities	237,148	84.0%	211,895	67.6%	984,281	172.0%

Detail	2011		2012		2013	
	(Restated)*	%	(Audited)	%	(Audited)	%
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income	4,020	1.4%	2,685	0.9%	4,570	0.8%
Increase in short-term loans to related parties and related parties	(8,102)	(2.9%)	(8,040)	(2.6%)	-	-
Receipts from short-term loans to related parties and related parties	-	-	18,040	5.8%	-	-
Decrease in short-term loans to others	(901)	(0.3%)	1,531	0.5%	1,309	0.2%
Cash received from sales of investment in subsidiary	-	-	2,610	0.8%	-	-
Payment of investment in subsidiaries	-	-	(2,610)	(0.8%)	-	-
Temporary investments - fixed deposit with maturity of twelve months	(124)	(0.0%)	(98)	(0.0%)	85	0.0%
Increase in payable for purchase on assets	-	-	2,149	0.7%	(2,149)	(0.4%)
Purchase of fixed assets	(33,313)	(11.8%)	(191,636)	(61.1%)	(121,262)	(21.2%)
Proceeds from disposal of fixed assets	4,222	1.5%	8,996	2.9%	1,267	0.2%
Advance payment of license for operation right in spectrum of digital	-	-	-	-	(38,000)	(6.6%)
Increase in intangible assets	(322,990)	(114.5%)	(221,589)	(70.7%)	(313,590)	(54.8%)
Net Cash Used in Investing Activities	(357,188)	(126.6%)	(387,963)	(123.7%)	(467,769)	(81.7%)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of interest expenses	(2,741)	(1.0%)	(6,860)	(2.2%)	(17,452)	(3.0%)
Receipt of short-term loans from financial institutions	45,000	15.9%	166,000	52.9%	25,000	4.4%
Repayment of short-term loans from financial institutions	(45,000)	(15.9%)	(80,000)	(25.5%)	(111,000)	(19.4%)
Receipts of long-term loans from financial institutions	-	-	321,000	102.4%	205,915	36.0%
Repayment of long-term loans from financial institutions	(15,000)	(5.3%)	-	-	(240,000)	(41.9%)
Repayment of liability under financial lease	(12,117)	(4.3%)	(4,364)	(1.4%)	(4,787)	(0.8%)
Increase in subsidiary's share capital	-	-	800	0.3%	-	-
Increase in short-term loans from related parties	-	-	-	-	8,000	1.4%
Dividend paid	(230,667)	(81.7%)	(131,430)	(41.9%)	(271,535)	(47.4%)
Premium on Share Capital	-	-	(74,672)	(23.8%)	-	-
Advance receipts for share subscription	-	-	17,225	5.5%	30,061	5.3%
Increase in share capital	298,367	105.7%	72	0.0%	118,007	20.6%
Net Cash Provided by (Used in) Financing Activities	37,843	13.4%	207,772	66.3%	(257,792)	(45.0%)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(82,197)	(29.1%)	31,704	10.1%	258,720	45.2%
SUBSIDIARY'S CASH AT INVESTMENT SALES	-	-	(4,634)	(1.5%)	-	-
SUBSIDIARY'S CASH AT INVESTMENT PURCHASE	-	-	4,353	1.4%	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	364,371	129.1%	282,174	90.0%	313,597	54.8%
CASH AND CASH EQUIVALENTS AT THE ENDING OF THE YEAR	282,174	100.0%	313,597	100.0%	572,317	100.0%

* Financial Statements of the year 2011 are updated in accordance with accounting standards applicable in the year 2013 by the management.

Key Financial Ratios for the year ending December 31, 2011-2013

Financial Ratio	2011	2012	2013
Liquidity Ratios			
Liquidity Ratio (time)	1.83	1.39	1.32
Quick Ratio (time)	1.38	0.90	1.02
Cash Flows Ratio (time)	0.36	0.24	0.82
Account Receivable Turnover (time)	4.90	4.35	4.81
Average Debt Collection Period (day)	75	84	76
Inventory Turnover (time)	24.65	14.49	16.37
Average Number of Days Sales (day)	15	26	23
Accounts Payable Turnover (time)	8.76	9.28	12.71
Credit Period (day)	42	40	29
Cash Cycle (day)	48	70	70
Profitability Ratio			
Gross Profit Margin (%)	34.07%	37.72%	39.06%
Operating Profit Margin (%)	10.41%	12.23%	13.60%
Operating Cash Flows to Operating Profit Ratio (%)	83.50%	61.60%	209.08%
Net Profit Margin (%)	6.84%	9.90%	11.32%
Return on Equity (%)	18.23%	22.77%	27.55%
Efficiency Ratios			
Return on Asset (%)	18.42%	18.09%	17.80%
Return on Fixed Asset (%)	203.65%	178.44%	162.63%
Assets Turnover (time)	1.59	1.29	1.10
EBITDA Margin (%)	15.30%	17.03%	16.61%
Leverage Ratio			
Debt/Equity Ratio (time)	0.58	0.97	0.90
Interest Coverage (time)	118.08	53.82	28.51
Debt Service Coverage (Cash basis)(time)	0.76	0.53	1.32
Dividend Payment Rate (%)	70.01%	76.83%	83.86%
Per Share			
Book Value per Share (baht)	1.38	1.48	1.73
Earning per Share (baht)	0.2172	0.3256	0.4364

14.2.2 Management Discussion and Analysis

The management discussion and analysis has been prepared from the performances of RS Public Company Limited and the companies within RS Group (“subsidiaries”) in accordance with the financial statements examined by the auditor for the year ending December 31, 2011, 2012 and 2013 respectively. To clearly illustrate the overall performance of RS Group of Companies, the operations are divided into 3 categories i.e., media business, music distribution business, and showbiz business, all of which are the core business operations of the Company.

The economic and industrial situations that reflect the results of operation and policy, strategy, or business decision.

During the past two years, satellite television business has been regarded as the rising star business that generates increasingly important revenue growth to the Company. This is due from growth in the television media industry, and from ability of the Company’s management team that produces quality performances to the market. However, the main factor that has impact towards overall growth in the television media industry is the expenses on advertising budget of the industry which will increase or decrease depending on many factors such as the economic and political situation, domestic consumers’ consumption, competition among advertisers, and decision making on type of media for advertising, etc.

However, main factors that are important in decision making prior to place advertising from various advertising agencies are the “rating”, and “value for money”. Even though how much the advertising industry will grow any program without rating will not be able to sell any advertising. Hence, the Company realizes the important of good quality contents that build the program rating and, thus, adjusts the marketing strategy and competitive style to be in correspondence with the present situation that can compete evenly with competitors. This also includes the strategic adjustments to serve future growth as each program will be determined with key strategy such as branding, positioning, clear target group, creative development of the program in correspondence with popularity trend and taste of target group, using strong point of RS as the main element in producing quality program as well as suitable cost management, etc. The strategic formulation will help build rating and attract attention of customers who are the advertising agencies into channeling more of their advertising budgets through the Company’s programs as they foresee value for money with their limited budgets.

Summary of operating results by business category

The consolidated financial statements of RS Public Company Limited and its subsidiaries (“the Company”) for the year ended December 31, 2013 shows Total Sales and Services Income of Baht 3,461.5 million, Cost of Sales of Baht 2,109.3 million and Selling and Administrative Expenses and other expenses of Baht 881.4 million. Profit and Comprehensive Income for the Periods Attributable to the Owner of the Company in this year was Baht 394.5 million, showing an increase of 38.8% or Baht 110.2 million from the same period last year, which was reported at Baht 284.3 million. This is primarily due to:

Revenue

Revenue from sales and services at the end of fiscal year December 31, 2013, amounted to Baht 3,461.5 Million, a net increase of Baht 649.1 Million comparing to 2012, or at 23.1%, which could be separately explained as per each business group as follows:

(Unit : Bt. Million)	Year 2012	Year 2013	Change
Revenues			
Revenue from media	1,193.0	1,986.3	66.5%
Revenue from music distribution	883.2	777.2	(12.0%)
Revenue from showbiz	718.8	692.6	(3.7%)
Revenue from other services	17.4	5.5	(68.6%)
Total sales and services income	2,812.4	3,461.5	23.1%
Cost of sales and services	(1,751.6)	(2,109.3)	20.4%
Gross profit	1,060.8	1,352.2	27.5%
Other income	60.2	22.4	(62.9%)
Gross profit before expenses	1,121.0	1,374.5	22.6%
Selling and administrative expenses and other expenses	(716.8)	(881.4)	23.0%
Profit before finance costs and income tax	404.2	493.1	22.0%
Finance costs	(7.5)	(17.3)	130.3%
Profit before income tax	396.7	475.8	20.0%
Income tax	(122.8)	(83.6)	(32.0%)
Profit and comprehensive income for the years	273.8	392.3	43.2%
Non - controlling interests	(10.4)	(2.2)	78.6%
Profit and comprehensive income for the years			
Attributable to the Owner of the Company	284.3	394.5	38.8%
Earnings per share			
Attributable to the Owner of the Company (Baht)	0.3256	0.4364	34.0%

Revenue from Media Business

Revenue from media business consisted of revenues from the television, and radio media business, and in 2013 the Company registered revenue from media business at Baht 1,986.3 Million, an increase from 2012 at the amount of Baht 793.3 Million, or at 66.5%.

- Television Media Business:

Satellite Television Business: Ratio of revenue from the satellite television business to the total revenue from sales and services was at 29.7%, an increase from last year of 20.1% due to increasing revenue from the advertising sales. The increase was from additional advertising spaces in various forms, quality development of contents, modifications of the chart and style of the programs in order to appeal and attract more audience and including adjustment on sales strategy in correspondence with the changing style of programs. Additionally, external promotional activities of the channels were arranged so that audiences would be able to participate more with the Company. Popular programs in each channel were such as the “Bun Therng 108”, and “Park Pong” program, and new dramas broadcasted this year were “Gar Kup Hong”, “Kaow Nok Nar”, “Nang Marn”, “Wiwarr Pachartaek”, and “Poochana Sibtitt” from “Channel 8”; the “Bun Therng Mue Thieng”, and “Sod Chuen” programs from “Sabaidee TV”, and “Kon Dung Nung Clear”, and “Hi Entertain” programs from “Channel 2”, etc.

In 2014, “Star Max” channel applies the rebranding strategy by changing its name from “Star Max” to “Channel 2” to make it easy for audiences to remember.

Sport Rights Management: The Company's revenue on Sport Right management came from the live broadcasting of Spanish football league, the highest league in Spain, or the “Primera Division”, or generally known as the “La Liga”, the “Copa Del Ray” football competition, and home matches of the national Spanish football team in the qualification rounds of the FIFA World Cup 2014. Ratio of its revenue to total revenue from sales and services was at 10.6%, an increase from last year of 2.5% in which the main revenue came from sales of the “Sun Box” set-top boxes, other revenues were from advertising sales, bundling sales, and sublicensing sales, etc.,

- Radio Media Business:

In 2013, ratio of radio media business to total revenue from sales and services was at 16.0%, an increase from last year of 14.2%. Revenue of the radio media business generated from operation of 3 stations i.e., “COOL Fahrenheit 93”, “Sabaidee Radio 88.5”, and “COOL Celsius 91.5” (started broadcasting from end of 1st qtr. 2013), while the other remaining stations “COOL Fahrenheit 93”, “Sabaidee Radio 88.5” operated in 2012 (started broadcasting in 3rd qtr. 2012).

Revenue from radio media business in 2013 showed an increased amount from 2012 due to increasing advertising rate of the “COOL Fahrenheit 93” which covered high utilization rate, and revenue from various activities of the station. This also included increasing revenue from an expansion to cover the international music and gradually receiving more popularity from audiences, who listened through radio, on-line media, and through applications. Moreover, continuous activities’ arrangement from the channels on the purpose of public relations, protecting the customers’ base, and allowing audiences to participate with the channels, had received good responses from customers and listeners of the programs. Main activities for this year were “Cool Outing 8”, “Cool Outing Special”, “Ink Eat Around The World” from “COOL Fahrenheit 93”, “Cool Sensation”, “7 Gorgeous”, “I Like COOL Celsius” from “COOL Celsius 91.5”, and “Krungnung Naicheewit – Neramitchome Neramitfunn in USA”, “Chuntana Party”, “FungSabaidee Meesupp”, “Sabaidee Radio Fan club” from “Sabaidee Radio 88.5”.

At present, the “COOL Fahrenheit 93” station is still ranked as number one in the easy listening group after a long period of time, and “Sabaidee Radio 88.5” station starts gradually receiving good response and is ranked in high ranking position from the “Nielsen Media Research”.

Revenue from Music Distribution Business

Revenue from music distribution business consisted of revenue from physical sales, digital business, and copyright collection. In 2013, the Company generated revenue from music business at Baht 777.2 Million, a decrease from last year of Baht 106.0 Million, or at 12.0%, and ratio of revenue from music distribution to total revenue from sales and services was at 22.5%, a decrease from last year of 31.4% due mainly from reducing income from music downloading. However, music streaming service through the “Deezer” application on “Dtac” mobile phone network that started its service at the end of last year, showed revenue growing trend which resulted from increasing membership number that grew in correspondence with popularity of its type of service, and the growing trend of the 3G mobile phone users. Moreover, revenue from physical sales showed a declining trend resulting from decreased quantity on introduction of the main albums which was in correspond with changing consumers’ behaviour in the market.

Revenue from Show Business

Revenue from the showbiz business consisted of revenues from concert organizations, and marketing activities, artists’ management, and production contracts. In 2013, revenue from the showbiz business amounted to Baht 692.6 Million, a decrease of Baht 26.3 Million from last year, or at 3.7%, and ratio of its revenue to total revenue from sales and services was at 20.0%, a decrease from last year of 25.6%. The main cause was from the decreased in revenue of tailor made events which showed reducing number of the finished contracts while revenue from artist management and marketing activities showed increasing figure. Concerts and main activities of the year were such as “RS Meeting Concert Return 2013”, “Short Charge Shock Rock Return Concert”, “Kamikaze K Fight Concert”, “Looktung Festival Year 3”, “Sabaidee Sunjorn Year 4”, “Thai Life Insurance Sunjorn Concert”, “You Wonder Trip”, “You Tour Your School”, “Miss You Concert”, and “Dara Star Max Concert”, etc.

Cost of Sales and Services

Cost of sales and services in 2013 amounted to Baht 2,109.3 Million, an increase of Baht 357.7 Million from 2012, or at 20.4%, which was due mainly from increasing cost of media business both from television and radio media. Cost increasing from the television media came from the development in quality and production of various contents in dramas, game shows, news programs, including variety shows so that they would have solid and attractive contents readily for increasing audience base as well as continued recording of sport content right fees as cost of sales since 2012 onwards. Meanwhile, cost increasing from the radio media came from management of 1 additional station “COOL Celsius 91.5” which started its operation since late in the 1st quarter onwards.

Selling and Administrative Expenses, Other Expenses, and Financial Cost.

Selling and administrative expenses, and other expenses for the year 2013 was at Baht 881.4 Million, an increase of Baht 164.6 Million from 2012, or at 23.0%, which was from the increase of sales expenses in relation to the increased media revenue, as well as the increase in administrative expenses from the parts of the fixed and variable expenses in relation to business expansion this year.

Finance costs in 2013 amounted to Baht 17.3 Million, a net increase from last year of Baht 9.8 Million, or at 130.3%, which was due to loans from the financial institution to be used as working capital and payments on various contents of satellite television channels.

Gross Profit Margin, Net Profit Margin and Return On Equity (ROE).

	2011	2012	2013
Gross Profit Margin	34.1%	37.7%	39.1%
Net Profit Margin	6.8%	9.9%	11.3%
Return on Equity (ROE)	18.2%	22.8%	27.6%

From table shown, this indicated the Company has an increased gross profit margin, net profit margin, and return on equity comparing to last year. These increments were mainly the result of growth in the satellite television media.

Assets

Asset components

As at December 31, 2013, the Company had the total assets of Baht 2,986.2 million of which 58.5 % was current assets and 41.5 % was non-current assets.

Total assets in 2013 increased from 2012 by 16.9% which was mainly caused by increasing cash and cash equivalent at 82.4% which came from cash from operating activity. Moreover, land, building and equipment increased 19.5% from investment mainly in operating equipment, office decoration and equipment. Other net account receivables increased 15.8% in response with increased revenue and intangible assets – net increased 12.0% from the sport copyrights payment during the year.

Quality of the Assets

Account receivables – other - net

(Million Baht)	2011	2012	2013
Accounts receivable- Others-net			
Not Due	325.3	387.7	487.7
Over Due :			
Less than 3 months	232.0	184.2	240.9
3 - 6 months	54.3	41.7	8.8
6 - 12 months	5.8	37.8	18.5

(Million Baht)	2011	2012	2013
More than 12 months	62.0	54.5	36.2
Total	679.4	705.9	792.1
Less Allowance for doubtful accounts	(53.3)	(52.9)	(35.9)
Total Accounts receivable	626.1	653.0	756.2
Others-net			
Accounts receivable Turnover (time)	4.90	4.35	4.81
Average Debt Collection Period (day)	75	84	76

As at December 31, 2011, 2012, and 2013, the Company had net account receivables from person or juristic person at amount of Baht 626.1 million, Baht 635.0 million, and Baht 756.2 million respectively. Amount of the increased account receivables in 2013 was because the Company had business expansion and higher income, thus, the account receivables had increased which was mainly from account receivables from normal trading activities in which the Company might have agreement in collecting some advanced payments, or giving the average credit terms in the period of 60 – 90 days depending on the type of products or services.

Consideration from the table of aging periods, most of the outstanding overdue payments over 80% were not due or less than 3 months overdue which were within the credit allowance of the Company. Moreover, the average trade receivables turnover ratio from the last 3 years was at 4 – 5 times which had the average collection period of 75 – 85 days and was close to the average credit term policy of the Company at about 60 – 90 days.

The Company had policy in recording allowance for doubtful accounts for customer with overdue payment in order to reflect on risk of unpaid debt. Consideration would be used on total amount of unpaid account of customer who might have payment problem and problem in debt collection by considering on the total amount of debts unpaid to the Company.

However, the Company had strict debt collection with debtors and would constantly reviewed on allowance for doubtful accounts in every accounting periods in order to reflect the remaining account receivables in the financial statement with the expected receiving amount. In 2011, 2012 and 2013, average allowance for doubtful accounts was at 5% - 8% of account receivables.

Inventory – net

(Million Baht)	2011	2012	2013
Inventories	68.1	173.7	84.0
(Less) Allowance for decline in value of inventory	(30.7)	(33.1)	(20.7)
Inventories - net	37.4	140.6	63.3
Inventory Turnover (time)	24.65	14.49	16.37
Average Number of Days Sales (day)	15	26	23

As at December 31, 2011, 2012, and 2013, the Company's net inventory amounted to Baht 37.4 million, 140.6 million, and 63.3 million respectively as the remaining inventory in 2013 decreased from 2012 was mainly from selling of the satellite signal receiver "Sun Box".

At the end of 2013, main inventory consisted of product type of musical discs i.e. CD, VCD, and DVD at 25%, work in progress such as drama, concert, and marketing activity, and contract production, etc., at 55%, and the satellite signal receiver "Sun Box" at 15%.

The above table indicated that the Company's average sales period for the last 3 years was at 15 – 30 days as majority of work in progress did not have a long period of delivery time such as drama, concert, and marketing activity, etc. Moreover, the Company had the policy in managing inventory at suitable level as well as controlling the level of products to be at the suitable requirement of consumers. For the unsold and remaining inventory in the warehouse, or work in progress with long delivery period, the Company had policy in constantly reviewing the expected net value of inventory in every accounting periods in order to reflect the real expected value for sale in accordance with the ever changing economic and market situations. In the year 2011, 2012, and 2013, the Company had average allowance for inventory at 20% - 45% of total remaining inventory which was mainly for product type of musical discs i.e. CD, VCD, and DVD.

Intangible assets - net

(Million Baht)	2011	2012	2013
Intangible assets	739.0	924.9	1,031.1
(Less) Allowance for impairment of assets	(269.8)	(281.6)	(310.3)
Intangible assets - net	469.2	643.3	720.8

As at December 31, 2011, 2012, and 2013, the Company's net intangible assets were Baht 469.2 million, Baht 643.3 million, and Baht 720.8 million respectively as value of the intangible assets in 2013 increased from 2012 was mainly from payment for sport copyrights.

At the end of 2013, the intangible assets consisted of sport copyrights of more than 50% while the remaining was from copyrights of movies, dramas, etc.

From the above table, allowance for impairment at the end of 2011, 2012, and 2013 amounted to Baht 269.8 million, Baht 281.6 million, and 310.3 million respectively which came mainly from copyrights of music, and movies with long duration of time. The Company had the policy to constantly review the expected net value in every accounting periods in order to reduce risk from value shown in the financial statement that might be higher than actual receiving value in accordance with the economic benefits expected to be received in the future.

Liquidity

Cash flow

(Million Baht)	2011	2012	2013
Cash Flows From Operating Activities	237.1	211.9	984.3
Cash Flows From Investing Activities	(357.2)	(388.0)	(467.9)
Cash Flows From Financing Activities	37.8	207.8	(257.8)
Net Increase (Decrease) in Cash and cash equivalents	(82.2)	31.7	258.5
Cash and cash equivalents at the ending of the year	282.2	313.6	572.1

For the year ending December 31, 2013, the Company's net cash and cash equivalents was at Baht 572.1 million, an increase of Baht 258.5 million comparing to the previous year. The reason for increase in cash flow from operating activities was from improved operating performance during the year.

However, in 2013, the Company had invested in the intangible assets with payments of sport copyrights including investment in the operating equipment which showed overall picture of cash flow in the investing activities at Baht 467.9 million. Moreover, during the year, payments had been paid for the short and long term loans from financial institutions, including dividend payment to shareholders, while the Company received payments from the exercise of warrants RS-W2 that resulted in cash flow for financing activities at Baht 257.8 million.

Key Liquidity Ratios

	2011	2012	2013
Liquidity Ratio (time)	1.83	1.39	1.32
Quick Ratio (time)	1.59	1.12	1.20
Average Debt Collection Period (day)	75	84	76
Average Number of Days Sales (day)	15	26	23
Credit Period (day)	42	40	29
Cash Cycle (day)	48	70	70

Overall picture of the Company's liquidity during the past 3 years showed current assets at higher level than the current liabilities, average debt collection period was in accordance with the Company policy, and product sales or delivery of contracts to customers including debt payments were in accordance with normal business operation of the Company. Thus, the Company enjoyed continuous cash flow and sufficient working capital for business operations.

However, due to expansion of the media business, the Company had to search for contents to add more variety to the programs. For contents with high investment cost, the Company sourced its finance from the short and long term loans from financial institutions that were suitable to the type of assets including the use of the Company's working capital for the operation

Sources of Funds

Liabilities, Shareholders' Equity, and Debt to Equity Ratio

(Million Baht)	2011	2012	2013
Short-term loans from financial institutions	-	86.0	-
Current portion of long-term loan	-	240.0	286.9
Long-term loans	-	81.0	-
Other current liabilities	664.7	765.6	1,035.3
Other non-current liabilities	33.1	81.0	93.8
Total Liabilities	697.8	1,253.6	1,416.0
Equity attributable to owners of the Company	1,200.8	1,296.2	1,567.3
Debt to Equity Ratio (time)	0.58	0.97	0.90

Total liabilities for 2011, 2012, and 2013 amounted to Baht 697.8 million, 1,253.6 million and Baht 1,416.0 million respectively while the increased liabilities in 2013 when comparing to 2012 were from expenses payable and the unearned revenue which was normal transaction of the Company.

The short and long term loans from financial institutions in 2013 were mainly from the sport copyrights' payments and the Company was able to comply with conditions of the loan agreements with all loan payments paid in due times. In 2013, the Company made repayments for short and long term loans totaled Baht 351.0 million.

As at December 31, 2011, 2012, and 2013, the Company's shareholders' equity of the majority interest were Baht 1,200.8 million, Baht 1,296.2, and Baht 1,567.3 million respectively. The shareholders' equity of the majority interest in 2013 increased from the year 2012 due to payments from the exercise of warrants RS-W2 at Baht 148.1 million including the increase from business operation during the year while dividend payment to shareholders was at Baht 271.5 million.

From the above statement, majority of the Company's capital structure came from capital of the shareholders, and operating performance of the Company. Source of fund from loans through financial institutions were mainly happened from starting of business expansion as it was necessary to have more investment fund. During the past years, the Company was able to manage its finance and strictly comply with conditions in the loan contracts.

Key factors and influence that may affect the performance and financial position of the Company in the future

During the late 2013, the National Broadcasting and Telecommunication Commission (NBTC) had arranged the auction of frequency band for the service of digital system on the national business services in 4 categories i.e., "Children, Youth and Family", "News and Information", "General with Standard Definition (SD)", and "General with High Definition (HD)". The Company has won, 1 channel, on the auction of frequency band for the service of digital system on the national business services of the "General with Standard Definition (SD) category from the total 7 channels in the same category. The winning auction value was at Baht 2,265 million with 15 years for the license in using the frequency and license to operate the digital television business from the permission granted date.

By entering into the digital television business, the Company has opened opportunity to expand business for further growth. The Company realizes that this television channel will penetrate into audiences in all platforms, and help in enhancing the revenue earning potential by operating the television media business as well as building long term business stability to the overall business group of the Company. Additionally, this will also increase competitive ability into par with large business operators in the same industry. Moreover, by having own various quality contents such as dramas, movies, television programs and music, etc., personnel with experiences in television media business for a long time, supporting units from programs' production, artist management, radio stations to units for arrangement of marketing activities, thus, the Company has gain good advantages in

business competition. This opens good opportunity for the Company in receiving additional benefit and reward in the future.

However, growth in the media business may receive impact from some risks such as risk from political unrest, household spending, allocation of the advertising budget, intense competitive situation in the television media industry, and rapidly changing of the popularity trend and consumers' behavior, etc. These are factors that may reflect impact to the overall picture of the television media business. The Company, then, realizes those risks that may occur and has planned measures in dealing with the unusual events, including adjustment of various strategies such as cost management during economic recession, adjustment of the programming chart, changing of program style, etc. By having capable personnel with long experiences in the media business, the Company is confident in managing the risks, and reducing impacts that may have any effect on the benefit of the Company.

14.2.3 Risk Factors

RS Group has evaluated the risks that might affect its Companies and subsidiaries that may result in impacts toward its business operations as follows:

Risks from copyright violation

From the past up to the present day, music industry suffers from the copyright violation impact in the form of physical products (CD, VCD, DVD), and in the digital form which results from the widely spreading distribution of various copyright violation products. Technology advancement and popularity of websites also assist in downloading of music or various free contents. Moreover, consumers' perception is still impassive on campaign for the copyright product, and perceives that copyright violation through music download is quite an ordinary matter. Thus, revenues from the product distribution and music downloading do not really reflect the real consumption figure.

However, in the past, all parties involved, in the Government and private sectors, including entrepreneurs, music composers, and artists have joined in to collaborate in encouraging consumers to purchase copyright products and refrain from supporting all type of pirate products.

The Company has realized the importance of this problem, and has adjusted its strategies and implementations to stimulate the recovery of its sales figure. These are in the forms of adjusting product pricing to a more suitable level, digital system's development and legal music download channel with copyright. The adjustment of product image and new service to serve the changing need and living pattern of consumers encourages more consumers to turn back to legal copyright music download as it is worthwhile and not expensive.

Moreover, the Company has already set up the copyrights' collection company in order to manage the copyrights' collection fees from operators who use the Company's contents commercially as well as monitoring and suppressing operators who violate the Company's copyrights. The Government, on this part, has given cooperation and support in law enforcement against the copyrights' violators. Campaigns on prevention, compression, and suppression copyrights' violators have been seriously and substantially enforced by the Government. Hence, from cooperation on all sides, the Company expects that impact against the copyrights' violation will be reduced significantly.

Risks from concessions renewal

Concession for Radio Business

Normally, the leasing period for the radio station's broadcasting is about 2 years, if the leasing time has not been extended, it will result on impacts on the broadcasting continuity and the Company's revenue. This will include risk on any changes in the contract conditions which may result in the inferior condition from original contract. Moreover, searching for the new radio broadcast's airing time as replacement may result in losing business continuity, and in building similar popularity rating as the previous program, or may cause higher cost as well. However, the Company truly believes that due to its continuously producing good quality performances and receiving high popularity with constant listeners' base group, including as an important business operator who abides with standard payment and strictly conforms to payment conditions on airing time as well as on building good relationship with the concession provider, the Company will receive some trust and, thus, reduce some risk that may happen during concession renewal. Nevertheless, the Company will consider value of the concession renewal by comparing with investment cost. If the concession renewal does not beneficial to the Company, investment on concession renewal may not be considered.

Concession for Satellite Television Business

The Office of the National Broadcasting and Telecommunications Commission (NBTC) has made announcements on the regulations and methods in giving permission for radio and television broadcasting in order to organize the satellite television, and cable television operators into its regulatory mechanisms. The NBTC will issue licenses to operators periodically in which the initial permits will have 1 year duration, and after that consideration will be made to issue licenses of no more than 2 years at a time. During this time, NBTC will take into consideration, using complaints from the people on any offences, including other new regulations that NBTC will introduce in future, as the basis to consider the issuing of the renewal licenses to each operator. The periodic issuing of licenses with a rather short operating time may limit business operations, manufacturing plans, and revenue generating of the Company, however, the Company realizes the importance of strictly complying with rules and regulations in order to create confident that continuous renewal of license on satellite television will be granted.

Risks from announcements on regulations from the Office of the National Broadcasting and Telecommunications Commission (NBTC)

The Company operates the satellite television business and is one of the concession bidders who have won concessions on operating the digital terrestrial television on December 26, 2013. The television business is considered as a mass communication business that is very influential to the people as people can reach and receive information thoroughly more than any other mass media channels, hence, business operations of the television business is essentially operated under the laws. Office of the National Broadcasting and Telecommunications Commission (NBTC) is the Government agency that supervises television business operators in Thailand with its main duty in supervising, and issuing

various regulations in order to control free and fair competition among television business operators with ethical standards. Consumers are to be protected on their benefits, and not to be exploited by business operators such as supervision on the content to have suitable quality with the target group, suitability rating on contents for children and youth, advertising, etc. At present, NBTC still makes regular new announcements in accordance with its policy, and problem concerning business operators, hence, announcements from the NBTC still exist together with all the television business operators. Hence, all the announcements that will be issued to control the television business operations, will not be stable, and will require a period of time to realize any impact on business operations of the Company, and eventually reflect risks on business operations.

Risks from intense competition in the television media business

Over the past years, the television industry encounters intense competition which can be seen from the occurrence of various new programs on satellite and local television channels. The birth of digital television in 2014 will result in hundreds of television channels when summing up of all platforms while consumers will have variety of choices on numerous television channels. The advertising agencies will have more choices for their advertising media by having “rating” and “value for money” as criteria in placing the advertising media which will result in more difficulty for selling the advertising time. However, from the Company experiences in the production of television programs, and in managing its own satellite television for a long time and having quality personnel which ranks it with high ranking position in satellite television channels from the Nielsen Media Research (the survey and market research company that is recognized worldwide) will eventually enable it to capture and maintain its market share from competitors in the industry.

Risks from occasional huge marketing events

The Company has continuous plan to expand its business, and some acquired project may require a rather high investment cost which may encounter some risk if revenue management cannot be reach according to plan. Causes may derive from many factors such as from rapid change in technology, changes in consumers’ behavior, various changing trends, more intensified competitive situation in the industry as well as contract termination, or the occurrence of any event that make it impossible to continue, etc. However, the Company has stipulated the screening process, evaluating its usefulness, and cost effectiveness prior to investment. Study on the project feasibility has to be conducted prior to signing any contract or any other binding condition by using experts from related fields to jointly consider for cautiousness and conciseness of the project. Moreover, advanced planning and early preparation have to be conducted by the arranging of pre-sale from supporting sponsors when the project is still in its production process. Additionally, large project has to be approved by the Company’s Board of Directors in order to reduce any risk that may occur from the investment.

14.3 List of Management and top 10 shareholders

14.3.1 Board of Directors

The following table shows the directors of the Company as of 31 December 2013.

Name	Position
1. Mr Surachai Chetchotisak	Chairman/ Chief Executive Officer
2. Mr. Danaisidh Peslapunt	Director /Senior Executive Vice President
3. Mrs. Pornpan Techarungchaikul	Director/ Chief Operating Officer/ Company Secretary
4. Mr. Darm Nana	Director/Chief Financial Officer
5. Mr. Sutthisak Prasatkarukarn	Director
6. Mr. Sorat Vanichvarakij	Director
7. Mr. Phisit Dachanabhirom	Independent Director / Audit Committee Chairman
8. General Pairoj Panichsamai	Independent Director / Audit Committee
9. Associate Professor Witaya Danthamrongkul	Independent Director / Audit Committee

Remark : The directors who are authorized to sign their names to bind the company are Mr.Surachai Chetchotisak Mr.Danaisidh Peslapunt Mrs.Pornpan Techarungchaikul Mr.darm Nana and Mr.Sutthisak Prasatkarukarn two in five signed and affix the company seal.

14.3.2 List of Management

The following table shows the directors of the Company as of 31 December 2013:

Name	Position
1. Mr. Surachai Chetchotisak	Chief Executive Officer
2. Mrs. Pornpan Techarungchaikul	Chief Operating Officer
3. Mr. Darm Nana	Chief Financial Officer
4. Mr. Komsan Chetchotisak	Chief Commercial Officer
5. Mr. Danaisidh Peslapunt	Senior Executive Vice President
6. Mr. Soopachai Nilawan	Senior Executive Vice President
7. Mrs. Chutima Tichachati	Senior Executive Vice President

Remark : The management refers to the definition of the Securities and Exchange Commission at SorJor 14/2540.

14.3.3 List of Shareholders

The 10 major shareholders as at the book closure date on December 27, 2013 are as follows:-

No.	List Of Shareholders	Shares	Percentage
1	Mr. Surachai Chetchotisak	309,000,000	32.394
2	Mr. Sorat Vanichvarakij	163,250,000	17.114
3	Mr. Yothin Vanichvarakij	41,088,400	4.308
4	Mr. Pramote Pasawong	20,000,000	2.097
5	RS Public Company Limited	17,000,000	1.782
6	Krungsri Taweessap Retirement Mutual Fund	16,921,400	1.774
7	SIX SIS LTD	15,404,240	1.615
8	Allianz Ayudhya Life Insurance Public Company Limited	13,528,000	1.418
9	Mr. Suwat Chetchotisak	12,550,400	1.316
10	Thai NVDR Company Limited	11,754,195	1.232

15. Opinion of the Board of Directors relating to the sufficiency of cash flows

The Board of Directors is of the opinion that the source of funds, as disclosed under Section 6 (6 Sources of funds used to enter into the Transaction) above, is sufficient for the acquisition of the Target companies and will not affect the Company's cash flow and business operations.

16. Pending material lawsuits or claims

-None-

17. Interests or connected transactions between the Company and its directors, managers or shareholders holding more than 10% of the Company's shares

Office Rental

Building / Address	Renter	Rent by	Rented space (square metre)	Rental fee, Central Service fee / month (million Baht)	Contract period		Approved by (**)
					Start	End (*)	
1.Chetchotisak Building 1 419/1 Soi Ladphrao 15 Jatujak, Bangkok	Chetchotisak Co.,Ltd	RS Public Company Limited	3,864	1.12	June 2012	May 2015	Board of Directors
2.Chetchotisak Building 2 419/2 Soi Ladphrao 15 Jatujak, Bangkok	Chetchotisak Co.,Ltd.	RS Public Company Limited	4,645	1.33	June 2012	May 2015	Board of Directors
		COOLISM Co.,Ltd.	1,200	0.36	June 2012	May 2015	Board of Directors
		RS In-store Media Co.,Ltd.	50	0.01	June 2012	May 2015	Board of Directors
		K-Master Co.,Ltd.	183	0.04	Jan 2013	May 2015	Board of Directors
3. Chetchotisak Building 3 419/3 Soi Ladphrao 15 Jatujak, Bangkok	Chetchotisak Co.,Ltd.	RS Public Company Limited	2,242	0.65	July 2013	July 2015	Board of Directors
4. 419/4 Soi Ladphrao 15,	SS2C Co.,Ltd.	RS Public Company Limited	(Lump sum price)	0.69	Aug 2012	Dec 2015	Board of Directors
5. 203/18-20 Soi Ladphrao 15, Jatujak, Bangkok	Mr.Kriengkai	Thai Copyright Collection Co.,Ltd.	(Lump sum price)	0.05	June 2012	May 2015	Board of Directors
	Chetchotisak / Chetchotisak Co.,Ltd.	RS Public Company Limited	(Lump sum price)	0.12	June 2012	May 2015	Board of Directors
6. 203/34-36	Mr.Kriengkai	Thai Copyright Collection Co.,Ltd.					

Note :

* The rental agreement may be renewed at expiry. (The rental agreement renewal may not be automatically enabled and the reconsideration at any renewal shall be made).

**The Related Party Transactions were approved as per the regulations of the Capital Market Supervisory Board, and were disclosed as per the Stock Exchange of Thailand's announcements.

Land Rental

Type	Renter	Rent by	Rented space	Rental fee/month (Baht)	Contract term (*)	Approved by (**)
Land Soi Ladphrao 15 Jatujak, Bangkok	Mr.Kriengkai Chetchotisak / Chetchotisak Co.,Ltd.	RS Public Company Limited	152 square wah	20,000	Feb 2013 - May 2015	Management (***)
		K-Master Co.,Ltd.	52 square metre	5,000	Jan 2013 - May 2015	

Note :

- * The rental agreement may be renewed at expiry. (The rental agreement renewal may not be automatically enabled and the reconsideration at any renewal shall be made).
- ** The Related Party Transactions were approved as per the regulations of the Capital Market Supervisory Board, and were disclosed as per the Stock Exchange of Thailand's announcements.
- *** This agreement was proceeded by Management since the size of the transaction did not meet the criteria that required the approval of the Board of Directors as per the regulations of the Capital Market Supervisory Board.

The Necessity and Rationale of the Related Party Transactions

All related party transactions are done under the necessity and rationale of the transactions to optimize the firm benefit. 2013, the related party transactions between the Company and the subsidiary companies and related parties, the core transaction of which are Land rental, Office rental and Guarantee, were under normal course of business, no special condition and no transfer of interest. Pricing, fee rate and/or interest rate could be compared with other entities' transactions and has been disclosed in the notes to financial statements of 2013.

The Audit Committee has reviewed the related party transactions such as sales and purchase of goods or assets, copyright, production service, organizing concerts and marketing activities, sales of advertising, services, loan interest, and etc., disclosed in the notes to financial statements of 2013 and has the following comments.

The mentioned transactions occurred under normal course of business, necessity and rationale of the connected transactions to optimize the firm benefit.

Measures or Steps of Approval in Related Party Transactions

The Company has set a policy for the approval of related party transactions. The related party transactions has rooted in necessity, rationale and optimal of the firm benefit and conditions are indifferent to the transaction with external parties. In case of the significant related party transactions, conducted in accordance with the rule governing listed securities, all approval must be consented by the Audit Committee, the Board of Directors and Shareholders' meeting excluding votes of the related persons. Nevertheless, all procedures must be in line with concerned regulations of the Capital Market Supervisory Board.

Policy and Future Potential of Related Party Transactions, including acquisition and disposal of assets

The Company still maintains the policy for transactions between the Company and the subsidiary companies such as office rental, land rental and guarantee of loan from bank by the Company and the Company's directors. However, the Company has no policy that may lead to conflict of interests between the related persons (such as loan and guarantee of loan etc.), except for the case that will optimize the firm benefit, and conditions are indifferent or better than the transaction with external parties. The Company will ensure that all related party transactions according to concerned regulations of the Capital Market Supervisory Board, will be consented by the Board of Directors and Shareholders' meeting.

18. Summaries of material contracts during the past 2 years

The Company has entered into several material contracts during the past 2 years. All such contracts have been entered into in the ordinary course of the Company's business operations on an arm's length basis.

19. Independent Director as the proxy to attend the meeting and vote.

Mr. Phisit Dachanabhirom

20. Form of Proxy for shareholders to vote

Proxy form B

Please be informed accordingly,

Yours sincerely,

-Signature-

(Mr. Surachai Chetchotisak)

Chairman of Board of Director