



Financial Statement and  
Management Discussion and Analysis of  
Annual Report 2018 in Brief



# Disclaimer

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The Financial Statement and Management Discussion and Analysis of the Annual Report 2018 in brief was prepared for the convenience of shareholders, to facilitate the study of basic financial data only. This is comprised of portions of the Financial Statement (Independent Auditor's Report, Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows). The Management Discussion and Analysis, based on the operating results of the Company for the year ending 31 December 2018, include key factors and influences that may affect the performance and financial position of the Company in the future. On the whole, the contents of this document are based on events that have occurred in the past concerning the Company; however, there may be some forward-looking information in regards to plans for operations in the future, in accordance with assumptions made by the management team under the current circumstances. Such information is subject to change or may deviate from the actual results in the future. As such, the information in this document has not been prepared for the purpose of encouraging the purchase or sale of the shares of RS Public Company Limited in any way.

The full version of the Financial Statement, Management Discussion and Analysis of the Annual Report 2018 can be accessed at [www.rs.co.th/investor.html](http://www.rs.co.th/investor.html) or in the CD of the Annual Report, which is included here.

## Financial Statement in Brief

# Independent Auditor's Report

To the shareholders of RS Public Company Limited

## My opinion

In my opinion, the consolidated financial statements of RS Public Company Limited ("the Company") and its subsidiaries ("the Group") and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

## What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2018;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

## Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key audit matters

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

Key audit matters	How my audit addressed the key audit matters
<p><b>Valuation of 'Licence for operation right in spectrum of digital television'</b></p> <p><i>Refer to note 14 Licence for operation right in spectrum of digital television (net) of the consolidated and company financial statements</i></p> <p>As at 31 December 2018, the Group had the Licence for operation right in spectrum of digital television which was valued at Baht 1,396 million net of accumulated amortisation. As there are many digital TV channels, audiences have many choice to access content meaning the digital television market is highly competitive.</p> <p>These factors indicated that the recoverable value of the Licence for operation right in spectrum of digital television might be less than the net book value. Management annually evaluated the impairment loss on the Licence for operation right in spectrum of digital television. This year the impairment test indicated that there was no impairment loss for the Licence for operation right in spectrum of digital television.</p> <p>I focused on the impairment test of the Licence for operation right in spectrum of digital television because has a significant amount. Also the significant assumptions were made by management to determine the overall revenue growth rates and discount rates for performing the future cash flow forecast. Small changes in these assumptions could result in a significant change in the cash flow forecast.</p>	<p>My procedures included the following:</p> <ul style="list-style-type: none"> <li>Evaluating the appropriateness of the method used in the Group's cash flow forecast and the process by which it was drawn up, and testing the underlying values used in the forecast.</li> <li>Comparing the Group's cash flow forecast of the current year to the previous year and evaluating significant amendments. Also, comparing the Group's cash flow forecast to the actual performance of the current year.</li> <li>Challenging management on their key assumptions, including the revenue growth rates and the discount rate, to understand management's plans for future growth. Also, assessing the Group's potential to get the plans achieved over the relevant period by comparing the revenue growth rates to economic and industry forecasts.</li> <li>Testing the appropriateness of the discount rate applied to the cost of capital for the Group by comparison with the actual interest rate.</li> <li>Performing a sensitivity analysis of the assumption about the revenue growth rate and discount rate to determine the extent of change in those assumptions that would affect the impairment of the Licence for operation right in spectrum of digital television.</li> </ul> <p>As a result of the above procedures, I found that management's assumptions applied in the valuation of the Licence for operation right in spectrum of digital television were reasonable based on the available evidences and the record of an allowance for impairment was not required.</p>

Key audit matters	How my audit addressed the key audit matters
<p><b>Deferred tax assets recognised from cumulative tax losses carried forward</b></p> <p><i>Refer to note 17 Deferred tax assets (net) to the consolidated and company financial statements</i></p> <p>As at 31 December 2018, the Group had deferred tax assets of Baht 232 million, of which Baht 81 million relates to deferred tax assets recognised from cumulative tax losses carried forward by the Company and the subsidiaries.</p> <p>The Group recognised the deferred tax assets from cumulative tax losses carried forward to the extent that it was probable that future taxable profits will allow cumulative tax losses to be utilised. Management prepared financial projections which included the future taxable profit to support the recoverability of the deferred tax assets from the cumulative the tax losses carried forward. In this instance, the key assumptions about the revenue growth rate and future taxable profit significant impacted these projections.</p> <p>I focused on this area because the amounts of deferred tax assets are significant to the Group's financial statement. The estimation of future taxable profits is complex and the key assumptions involve significant judgment by management in assessing the future taxable profit.</p>	<p>To gain an understanding of the transactions underlying the significant deferred tax assets and assess management's assumptions that were used in the calculation of future taxable profit to determine the recoverability of the deferred tax assets, I performed the following:</p> <ul style="list-style-type: none"> <li>Assessing the available cumulative tax losses carried forward by considering their expiry periods according to any applicable provisions of the Revenue Code regarding the recovery of deferred tax assets. This also includes the evaluation of the arithmetical accuracy in the tax computation and projection.</li> <li>Evaluating and challenging management's judgement and assumptions applied in the Group's cash flow forecasts in the five-year business plan. During the five-year period, the Group is capable of utilising the benefits derived from the accumulated tax losses by considering the probability of the assumption about the future profit growth rates which result from the revenue growth. This also includes the comparison of the revenue growth rates in the business plan to economic and industry forecasts.</li> </ul> <p>As a result of above procedures, I considered management's key assumptions used in the estimate of future taxable profit to be within a reasonable range.</p>

Key audit matters	How my audit addressed the key audit matters
<p><b>Recognition of amortisation of production costs of drama series</b></p> <p><i>Refer to note 15 Intangible assets of the consolidated and company financial statements</i></p> <p>As at 31 December 2018, the Group presented the balance of the production costs of a drama series of Baht 389 million, as an intangible asset. This represents 54% of the total intangible assets. The production costs were carried at cost with a deduction for less accumulated amortisation. It was amortised based on the expected pattern of consumption of the future economic benefits embodied in the assets.</p> <p>Management divided the production costs into two parts. The first component was amortised based on the number of broadcasts forecast under the channel's on-air schedule. The residual component was amortised using the straight-line method.</p> <p>I focused on the amortisation method for the production cost based on the number of broadcasts forecast under the channel's on-air schedule because this is based on management's judgment. In addition, the production costs were a significant amount to the financial statements.</p>	<p>I understood and tested the amortisation method by performing these procedures:</p> <ul style="list-style-type: none"> <li>Assessing the appropriateness of management's judgments about the forecast and estimate of the number of broadcasts of each series by comparing the forecast to the channel's on-air schedule.</li> <li>Evaluating the actual number of broadcasts of certain drama series by comparing them to the channel's on-air schedule used in the calculation of the amortisation.</li> <li>Evaluating the arithmetical accuracy of the calculation.</li> </ul> <p>Based on the available evidence, I consider management's judgement on the number of broadcasts forecast to be reasonable and within an acceptable range based on available evidence.</p>



## **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

## **Responsibilities of the directors for the consolidated and separate financial statements**

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and Company's financial reporting process.

## **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

PricewaterhouseCoopers ABAS Ltd.

**Krit Chatchavalwong**

Certified Public Accountant (Thailand) No. 5016

Bangkok

15 February 2019

**RS Public Company Limited**  
**Statement of Financial Position**  
**As at 31 December 2018**

	Notes	Consolidated financial statements		Separate financial statements	
		31 December	31 December	31 December	31 December
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	339,639,957	230,823,831	168,511,981	29,268,469
Trade and others accounts receivable (net)	8	553,168,390	622,302,372	611,655,348	461,028,178
Short-term loans to related companies (net)	34 d)	-	-	881,700,000	841,700,000
Inventories (net)	9	284,785,668	315,635,411	11,956,542	2,646,381
Value added tax	22	3,816,152	24,836,068	-	-
Other current assets (net)	10	4,933,691	2,275,876	528,592	620,355
<b>Total current assets</b>		<b>1,186,343,858</b>	<b>1,195,873,558</b>	<b>1,674,352,463</b>	<b>1,335,263,383</b>
<b>Non-current assets</b>					
Investments in subsidiaries (net)	11	-	-	534,507,003	555,909,254
Investments in an associated company (net)	12	3,991,133	3,988,995	-	-
Plant and equipment (net)	13	331,535,298	402,467,819	292,850,997	370,491,352
License for operation right in spectrum of digital television (net)	14	1,395,738,282	1,531,084,848	-	-
Intangible assets (net)	15	720,149,700	587,247,391	117,423,678	145,938,925
Prepaid expense - non-current		9,030,000	27,083,333	-	-
Withholding tax (net)	16	180,089,907	153,554,601	115,677,411	90,014,129
Deferred tax assets (net)	17	231,609,431	273,923,902	118,755,960	119,457,000
Other non-current assets (net)	18	14,839,736	33,905,738	14,629,038	30,549,040
<b>Total non-current assets</b>		<b>2,886,983,487</b>	<b>3,013,256,627</b>	<b>1,193,844,087</b>	<b>1,312,359,700</b>
<b>Total assets</b>		<b>4,073,327,345</b>	<b>4,209,130,185</b>	<b>2,868,196,550</b>	<b>2,647,623,083</b>

**RS Public Company Limited**  
**Statement of Financial Position**  
**As at 31 December 2018**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
		<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Notes</b>		<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Trade and other accounts payable	19	733,203,437	815,418,868	256,246,002	284,267,502
Current portion of liability under finance lease agreements (net)	20	11,070,866	11,681,888	11,070,866	11,681,888
Current portion of payable for cost of license for operation right in spectrum (net)	14	4,072,392	176,864,317	-	-
Short-term loans from financial institutions	21	240,000,000	213,000,000	240,000,000	213,000,000
Short-term loans from related companies	34 e)	-	-	208,027,125	121,827,125
Current portion of payable for long-term loans from financial institutions	23	80,000,000	40,000,000	-	-
Value added tax	22	39,369,040	29,758,153	39,269,571	20,614,565
Accrued income tax		28,982,918	41,610,288	-	-
Withholding tax payable		9,242,313	10,091,089	5,080,334	5,546,049
<b>Total current liabilities</b>		<b>1,145,940,966</b>	<b>1,338,424,603</b>	<b>759,693,898</b>	<b>656,937,129</b>
<b>Non-current liabilities</b>					
Liabilities under finance lease agreements (net)	20	6,617,037	17,688,912	6,617,037	17,688,912
Long-term loans from financial institution	23	316,085,000	626,085,000	-	-
Payable for cost of license for operation right in spectrum of digital television (net)	14	826,556,413	717,671,638	-	-
Employee benefit obligations	24	99,545,179	96,134,656	78,422,968	72,801,538
Other non-current liabilities	25	6,249,237	11,067,587	777,874	879,874
<b>Total non-current liabilities</b>		<b>1,255,052,866</b>	<b>1,468,647,793</b>	<b>85,817,879</b>	<b>91,370,324</b>
<b>Total liabilities</b>		<b>2,400,993,832</b>	<b>2,807,072,396</b>	<b>845,511,777</b>	<b>748,307,453</b>

**RS Public Company Limited**  
**Statement of Financial Position**  
**As at 31 December 2018**

	Notes	Consolidated financial statements		Separate financial statements	
		31 December	31 December	31 December	31 December
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
<b>Liabilities and equity (Cont'd)</b>					
<b>Equity</b>					
Share capital	26.1				
Authorised share capital					
1,203,270,516 ordinary shares					
of par Baht 1 each		1,203,270,516	1,203,270,516	1,203,270,516	1,203,270,516
Issued and fully paid-up share capital					
1,010,149,192 ordinary shares					
of par Baht 1 each		1,010,149,192	-	1,010,149,192	-
1,010,147,392 ordinary shares					
of par Baht 1 each		-	1,010,147,392	-	1,010,147,392
Premium on share capital	26.1	258,257,595	258,236,895	258,257,595	258,236,895
Treasury shares	26.5	(465,274,840)	(465,274,840)	(465,274,840)	(465,274,840)
Retained earnings					
Appropriated - legal reserve		120,327,052	112,971,941	120,327,052	112,971,941
Appropriated - treasury share reserve		465,274,840	465,274,840	465,274,840	465,274,840
Unappropriated		282,483,158	15,517,712	633,950,934	517,959,402
<b>Equity attributable to owners of the parent</b>		1,671,216,997	1,396,873,940	2,022,684,773	1,899,315,630
Non-controlling interests		1,116,516	5,183,849	-	-
<b>Total equity</b>		1,672,333,513	1,402,057,789	2,022,684,773	1,899,315,630
<b>Total liabilities and equity</b>		4,073,327,345	4,209,130,185	2,868,196,550	2,647,623,083

**RS Public Company Limited**  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2018**

	Notes	Consolidated financial statements		Separate financial statements	
		2018 Baht	2017 Baht	2018 Baht	2017 Baht
<b>Revenue</b>					
Revenue from sales		2,129,659,415	1,413,406,904	8,072,557	468,940
Revenue from services		1,697,021,676	2,088,275,276	851,574,716	658,870,040
<b>Total revenue and services income</b>		<b>3,826,681,091</b>	<b>3,501,682,180</b>	<b>859,647,273</b>	<b>659,338,980</b>
Cost of sales		(712,253,980)	(475,530,387)	(5,366,136)	(238,400)
Cost of services		(1,493,023,063)	(1,653,680,037)	(549,061,928)	(572,332,608)
<b>Total cost of sales and services</b>		<b>(2,205,277,043)</b>	<b>(2,129,210,424)</b>	<b>(554,428,064)</b>	<b>(572,571,008)</b>
<b>Gross profit</b>		<b>1,621,404,048</b>	<b>1,372,471,756</b>	<b>305,219,209</b>	<b>86,767,972</b>
Other income	28	33,749,627	26,644,598	680,208,582	723,917,238
<b>Profit before expenses</b>		<b>1,655,153,675</b>	<b>1,399,116,354</b>	<b>985,427,791</b>	<b>810,685,210</b>
Selling expenses		(452,640,570)	(398,268,164)	(110,399,228)	(134,940,260)
Administrative expenses		(601,744,463)	(533,852,730)	(497,512,380)	(438,569,053)
Other expenses	29	(3,173,862)	(1,847,151)	(517,160)	(3,521,205)
Finance costs	31	(68,339,595)	(90,471,386)	(11,231,273)	(19,454,519)
Gain from modification of payment term of license for operation right in spectrum of digital television	14	94,614,823	45,539,315	-	-
<b>Profit (loss) before income tax</b>		<b>623,870,008</b>	<b>420,216,238</b>	<b>365,767,750</b>	<b>214,200,173</b>
Income tax	32	(107,832,327)	(87,192,943)	(702,134)	27,339,481
<b>Profit (loss) for the year</b>		<b>516,037,681</b>	<b>333,023,295</b>	<b>365,065,616</b>	<b>241,539,654</b>
<b>Other comprehensive income:</b>					
Item that will not be reclassified to profit or loss					
Remeasurements of post employment benefit obligations	24	-	15,086,776	-	13,029,660
Income tax on items that will not be reclassified		-	(3,017,355)	-	(2,605,932)
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>12,069,421</b>	<b>-</b>	<b>10,423,728</b>
<b>Total comprehensive income for the year</b>		<b>516,037,681</b>	<b>345,092,716</b>	<b>365,065,616</b>	<b>251,963,382</b>

RS Public Company Limited  
Statement of Comprehensive Income  
For the year ended 31 December 2018

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Notes		Baht	Baht	Baht	Baht
<b>Profit (loss) attributable to:</b>					
Owners of the parent		516,039,530	332,861,741	365,065,616	241,539,654
Non - controlling interests		(1,849)	161,554	-	-
		<u>516,037,681</u>	<u>333,023,295</u>	<u>365,065,616</u>	<u>241,539,654</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		516,039,530	344,931,162	365,065,616	251,963,382
Non - controlling interests		(1,849)	161,554	-	-
		<u>516,037,681</u>	<u>345,092,716</u>	<u>365,065,616</u>	<u>251,963,382</u>
<b>Earning (loss) per share for profit attributable to the equity holders of the parent</b>					
Basic earning (loss) per share (Baht)	33.1	<u>0.5337</u>	<u>0.3443</u>	<u>0.3776</u>	<u>0.2499</u>
Diluted earning (loss) per share (Baht)	33.2	<u>0.4924</u>	<u>0.3328</u>	<u>0.3484</u>	<u>0.2415</u>



**RS Public Company Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2018**

Consolidated financial statements (Baht)									
For the year ended 31 December 2017									
Attributable to owners of the parent									
Notes	Authorised,  issued and  fully paid-up  share capital	Share  premium	Treasury  shares	Retained earnings			Total  owners of  the parent	Non-  controlling  interests	Total
				Appropriated		Unappropriated			
				Legal  reserve	Treasury  shares reserve				
Opening balance as at 1 January 2017	1,009,937,646	255,824,816	(465,274,840)	100,894,958	465,274,840	(317,336,467)	1,049,320,953	10,202,708	1,059,523,661
Changes in equity for the year									
Increase share capital	26.4	209,746	2,412,079	-	-	-	2,621,825	-	2,621,825
Difference between the purchase price of investments in subsidiaries under common control and their net book value		-	-	-	-	-	-	(4,687,500)	(4,687,500)
Legal reserve		-	-	-	12,076,983	-	(12,076,983)	-	-
Dividends payment	27	-	-	-	-	-	-	(492,913)	(492,913)
Other comprehensive income for the year - remeasurement of post employment benefit obligations, net of tax		-	-	-	-	-	12,069,421	12,069,421	-
Net profit for the year		-	-	-	-	-	332,861,741	332,861,741	161,554
Closing balance as at 31 December 2017	1,010,147,392	258,236,895	(465,274,840)	112,971,941	465,274,840	15,517,712	1,396,873,940	5,183,849	1,402,057,789

**RS Public Company Limited**  
**Statement of Changes in Equity (Cont'd)**  
**For the year ended 31 December 2018**

Consolidated financial statements (Baht)									
For the year ended 31 December 2018									
Attributable to owners of the parent									
Notes	Authorised, issued and fully paid-up share capital	Share premium	Treasury shares	Retained earnings		Unappropriated	Total owners of the parent	Non- controlling interests	Total
				Legal reserve	Treasury shares reserve				
<b>Opening balance as at 1 January 2018</b>	1,010,147,392	258,236,895	(465,274,840)	112,971,941	465,274,840	15,517,712	1,396,873,940	5,183,849	1,402,057,789
<b>Changes in equity for the year</b>									
Increase share capital	26.4	1,800	20,700	-	-	-	22,500	-	22,500
Difference between the purchase price of investments in subsidiaries under common control and their net book value		-	-	-	-	-	-	(4,062,333)	(4,062,333)
Legal reserve		-	-	7,355,111	-	(7,355,111)	-	-	-
Dividends payment	27	-	-	-	-	(241,718,973)	(241,718,973)	(3,151)	(241,722,124)
Other comprehensive income for the year - remeasurement of post employment benefit obligations, net of tax		-	-	-	-	-	-	-	-
Net profit for the year		-	-	-	-	516,039,530	516,039,530	(1,849)	516,037,681
<b>Closing balance as at 31 December 2018</b>	<u>1,010,149,192</u>	<u>258,257,595</u>	<u>(465,274,840)</u>	<u>120,327,052</u>	<u>465,274,840</u>	<u>282,483,158</u>	<u>1,671,216,997</u>	<u>1,116,516</u>	<u>1,672,333,513</u>

RS Public Company Limited  
Statement of Changes in Equity (Cont'd)  
For the year ended 31 December 2018

Separate financial statements (Baht)							
For the year ended 31 December 2017							
Notes	Authorised, issued and fully paid-up share capital	Share premium	Treasury shares	Retained earnings			Total
				Appropriated		Unappropriated	
				Legal reserve	Treasury shares reserve		
Opening balance as at 1 January 2017	1,009,937,646	255,824,816	(465,274,840)	100,894,958	465,274,840	278,073,003	1,644,730,423
Changes in equity for the period							
Resale of treasury shares	26.4	209,746	2,412,079	-	-	-	2,621,825
Legal reserve	-	-	-	12,076,983	-	(12,076,983)	-
Other comprehensive income for the year							
- remeasurement of post employment benefit obligations, net of tax	-	-	-	-	-	10,423,728	10,423,728
Net profit for the year	-	-	-	-	-	241,539,654	241,539,654
Closing balance as at 31 December 2017	1,010,147,392	258,236,895	(465,274,840)	112,971,941	465,274,840	517,959,402	1,899,315,630

RS Public Company Limited  
Statement of Changes in Equity (Cont'd)  
For the year ended 31 December 2018

Separate financial statements (Baht)							
For the year ended 31 December 2018							
Notes	Authorised, issued and fully paid-up share capital	Share premium	Treasury shares	Retained earnings			Total
				Appropriated		Unappropriated	
				Legal reserve	Treasury shares reserve		
Opening balance as at 1 January 2018	1,010,147,392	258,236,895	(465,274,840)	112,971,941	465,274,840	517,959,402	1,899,315,630
Changes in equity for the period							
Resale of treasury shares	26.4	1,800	20,700	-	-	-	22,500
Legal reserve	-	-	-	7,355,111	-	(7,355,111)	-
Dividend paid	-	-	-	-	-	(241,718,973)	(241,718,973)
Other comprehensive income for the year							-
- remeasurement of post employment benefit obligations, net of tax	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	365,065,616	365,065,616
Closing balance as at 31 December 2018	1,010,149,192	258,257,595	(465,274,840)	120,327,052	465,274,840	633,950,934	2,022,684,773

**RS Public Company Limited**
**Statement of Cash Flows**
**For the year ended 31 December 2018**

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
	Notes	Baht	Baht	Baht	Baht
<b>Cash flows from operating activities</b>					
Profit (loss) before income tax		623,870,008	420,216,238	365,767,750	214,200,173
Adjustments:					
Depreciation and amortisation	13, 14, 15, 30	591,459,708	558,172,985	147,051,541	142,106,043
Amortisation for prepaid expense		18,053,333	-	-	-
(Reversal of) allowance for doubtful accounts	8	(15,332,768)	(2,696,990)	(746,734)	548,855
(Reversal of) allowance for obsolete inventories	9	16,624,104	(47,116,226)	-	43,228
Loss from inventories destruction		-	314,226	-	-
Reversal of provision for goods returned		-	(1,891,930)	-	-
Allowance for impairment - intangible assets	15	11,026,990	13,502,476	11,026,990	13,502,476
(Reversal of) allowance for impairment					
- other current assets and other non-current assets	10, 18	(74,488)	80,000	(74,488)	80,000
(Reversal of) allowance for impairment - investment in an associated company	12	(2,138)	114,683	-	-
(Reversal of) allowance for impairments - investments in subsidiaries	11	-	-	(11,105,642)	2,014,839
Loss from liquidation of subsidiaries *, **	11, 29	2,453	-	10,452,343	-
Loss on write-off plant and equipment and intangible assets	29	2	228	2	69
(Gain) loss on disposal of plant and equipment and intangible assets	28	818,508	52,717	732,070	(447,793)
Employee benefit obligations	24	3,603,773	13,262,138	5,621,430	1,738,917
Dividend income	27	-	-	(268,171,848)	(355,556,461)
Interest income	28	(1,071,311)	(1,143,323)	(35,230,160)	(31,750,488)
Finance costs - interest expense	31	68,339,595	90,471,386	11,231,273	19,454,519
Gain from modification of payment term of license for operation right in spectrum of digital television		(94,614,823)	(45,539,315)	-	-
		1,222,702,946	997,799,293	236,554,527	5,934,377
<b>Changes in working capital</b>					
Trade and other accounts receivable *, **		58,346,414	54,020,085	(149,441,631)	397,480,985
Inventories		14,225,639	(139,153,646)	(9,310,161)	836,209
Value added tax		30,630,803	28,590,085	18,655,006	(13,093,303)
Other current assets		(2,583,327)	(872,410)	166,251	(373,451)
Prepaid expense - non current		-	8,333,334	-	-
Other non-current assets		19,066,002	(3,045,812)	15,920,002	(2,835,113)
Trade and other accounts payable		(70,873,456)	201,333,527	14,903,577	(5,908,811)
Withholding tax payable		(848,776)	(5,058,488)	(465,715)	556,359
Other non-current liabilities		(4,818,350)	(5,364,036)	(102,000)	(9,952,500)
Payment for retirement for employee		(193,250)	-	-	-
		1,265,654,645	1,136,581,932	126,879,856	372,644,752
Cash generated from operating activities before income tax paid		1,265,654,645	1,136,581,932	126,879,856	372,644,752
Withholding tax refunded	16	31,802,191	36,250,232	-	-
Income tax paid		(136,482,723)	(107,536,330)	(25,664,376)	(34,324,501)
		1,160,974,113	1,065,295,834	101,215,480	338,320,251
Net cash generated from operating activities		1,160,974,113	1,065,295,834	101,215,480	338,320,251

**RS Public Company Limited**
**Statement of Cash Flows (Cont'd)**
**For the year ended 31 December 2018**

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
	Notes	Baht	Baht	Baht	Baht
<b>Cash flows from investing activities</b>					
Interest income received		1,071,311	1,150,334	34,791,355	32,229,096
Increase in short-term loans to related companies	34 d)	-	-	(553,500,000)	(400,000,000)
Receipts from short-term loans to related companies	34 d)	-	-	513,500,000	136,000,000
Payments on investments in subsidiaries		-	-	-	23,437,500
Receipts (receivable) from subsidiaries liquidation *, **		22,055,550	(26,065,280)	22,055,550	-
Receipts from dividend income		-	-	268,171,848	355,556,461
Purchases of property, plant and equipment		(44,768,802)	(69,183,829)	(26,579,470)	(53,671,322)
Proceeds from disposals of property, plant and equipment		4,617,757	1,580,632	4,997,292	5,299,754
Purchases of intangible assets		(501,376,770)	(301,415,463)	(74,925,256)	(9,848,752)
Proceeds from disposals intangible assets		23,177	7	-	13,142,441
Net cash receipts (payments) from investing activities		(518,377,777)	(393,933,599)	188,511,319	102,145,178
<b>Cash flows from financing activities</b>					
Interest expense paid		(29,981,873)	(46,946,871)	(9,113,101)	(17,665,798)
Proceeds from short-term loans from financial institutions		930,000,000	2,125,000,000	930,000,000	1,870,000,000
Payments on short-term loans from financial institutions		(903,000,000)	(2,618,000,000)	(903,000,000)	(2,255,000,000)
Proceeds from long-term loans from financial institutions		-	222,025,000	-	-
Payments from long-term loans from financial institutions		(270,000,000)	-	-	-
Payments on liability under finance lease agreements		(12,873,713)	(16,319,903)	(12,873,713)	(16,319,903)
Payment of license for operation right in spectrum of digital television		(6,225,000)	(207,500,000)	-	-
Proceeds from short-term loans from related companies	34 e)	-	-	385,500,000	332,000,000
Payments on short-term loans from related companies	34 e)	-	-	(299,300,000)	(350,572,875)
Dividend paid	27	(241,718,973)	-	(241,718,973)	-
Decrease in non-controlling interests from dividend payment		(3,151)	(492,913)	-	-
Decrease in non-controlling interests from decrease capital	26.3	-	(4,687,500)	-	-
Proceeds from capital increase		22,500	2,621,825	22,500	2,621,825
Net cash payments from financing activities		(533,780,210)	(544,300,362)	(150,483,287)	(434,936,751)
<b>Net increase in cash and cash equivalents</b>					
Cash and cash equivalents, opening balance		108,816,126	127,061,873	139,243,512	5,528,678
Cash and cash equivalents, closing balance		230,823,831	103,761,958	29,268,469	23,739,791
<b>Non-cash transactions and additional information:</b>					
Write-off other accounts receivable and allow ance for doubtful accounts - other accounts receivable		-	53,100,066	-	45,578,383
Write-off cost of movie and impairment for cost of movie		-	7,692,756	-	-
Write-off other non-current assets and allow ance of other non-current assets		5,400,000	-	-	-
Outstanding payables as at 31 December arising from purchases of property, plant and equipment during the year		7,439,913	2,081,869	6,682,995	1,537,346
Outstanding payables as at 31 December arising from purchases of intangible assets during the year		63,451,817	80,386,069	3,583,858	52,581,940
Payable as at 31 December arising from purchase of property, plant and equipment under finance lease agreement during the year		-	7,633,953	-	7,633,953
Write-off withholding tax and allow ance for doubtful in recoverable of withholding tax		927,856	7,805,101	1,094	148,513

\* This transaction included the change from dissolution of RS In-Store Media Co., Ltd. w hich removed this company as subsidiary since 19 September 2018 (Note 11).

\*\* This transaction included the change from dissolution of Blufairy Co., Ltd., Very Well Co., Ltd. and Aladdin House Co., Ltd. w hich removed this company as subsidiaries since 28 September 2018 (Note 11).

## Management Discussion and Analysis of Annual Report 2018

## **Management Discussion and Analysis**

The analysis in this section has been prepared from the overall turnover of RS Public Company Limited and its subsidiaries (the “Company”) in accordance with data based on audited financial statements. In order to demonstrate the overall performance of the Company, the analysis has been divided into three main business segments, including the Multi-platform Commerce (“MPC”) business, Media business, and Music & Others businesses, per the schedule.

<b>Business groups</b>	<b>Type</b>	
1. Multi-platform Commerce Business	<ul style="list-style-type: none"> <li>Health &amp; Beauty Products               <ul style="list-style-type: none"> <li>The Skin Care Products (“Magique”)</li> <li>Hair Care Products (“Revive”)</li> <li>The Food Supplements Products (“S.O.M.”)</li> </ul> </li> <li>Home &amp; Lifestyle Products</li> <li>Accessories &amp; Others</li> </ul>	
2. Media Business	Television Media Business	“Channel 8” “Channel 2”, “Sabaidee TV” “Series Channel”(Formerly : “You Channel”)
	Radio Media Business	“COOLfahrenheit”
3. Music & Other Businesses	Digital Business , Copyright Collection , Artist Management , Concerts and Marketing Organization	

### **1. Summary of 2018 Performance**

The consolidated financial statements of the Company for the year ended December 31, 2018 show net profit attributable to the parent company in the amount of 516.0 million baht, which increased from the previous year by 183.2 million baht or 55.0% given the significant increase by 53.1% in Multi-platform Commerce (“MPC”) business. While, revenue derived from the media business decreased by 21.1%, reflecting the stagnation in growth in the overall industry. The gross profit margin increased to 42.4% compared to 39.2% in 2017, due to the higher profit margins earned from a proportion of MPC business. This included Channel 8, which enjoyed effective cost controls. The SG&A to sales ratio slightly increased in line with the rise in the number of employees of MPC business.



## Summary of Operating Results by Business Category

- Revenue

Unit : million baht	Year 2017		Year 2018		Change	
	Amount	%	Amount	%	Amount	(y-y)
MPC business	1,389.1	39.7%	2,126.8	55.6%	737.7	53.1%
Media business	1,703.5	48.6%	1,344.7	35.1%	-358.8	-21.1%
Music & Other businesses	409.1	11.7%	355.2	9.3%	-53.9	-13.2%
<b>Revenue from sales and services</b>	<b>3,501.7</b>	<b>100.0%</b>	<b>3,826.7</b>	<b>100.0%</b>	<b>325.0</b>	<b>9.3%</b>

Revenue from sales and services in 2018 recorded 3,826.7 million baht on a net basis which increased from the previous year by 325.0 million baht or 9.3%. This can be explained according to the following business segments.

### Revenue from MPC Business

Revenue from MPC Business consists of revenue from the selling of products under the company's own brand as well as products from partners. Over 100 different product items are sold through the Company's various channels, including digital television, satellite television, radio media, and online media. Sales are also conducted through single-level direct sales agents, via a unit called LifestarBIZ, and also through the modern trade throughout the country. These channels developed from the strengths and core competencies of the Company, and they continue to develop to their fullest. This includes having a customer database that grows every month; at present, there are more than 1 million customers. This data is being analyzed to meet the needs of customers more efficiently and systematically. In addition, the Company has developed an after-sales system to respond to customers' needs both timely and appropriately. This is combined with promotions conducted during the holidays to meet the needs of customers. This has helped sales in the past year increase significantly, with an outlook for continuous growth. Despite the temporary effect of news concerning illegal product crackdowns in mid-2018, which was a short-term impact, the situation has returned to normal since the 3rd quarter. It has been beneficial to the overall industry, weeding out manufacturers and sellers of illegal products from the market.

### Revenue from Media Business

Overall television industry in 2018, the advertising expenditures (ADEX) through digital television, according to a survey by AGB Nielsen Media Research (Thailand), increased by 5,061 million baht or by 8.0%. However, when excluding special items related to ad spending on sports broadcasts during the 2nd and 3rd quarters, the overall spending has been relatively stable. Nevertheless, the number of new digital television viewers has been higher, as opposed to the number of viewers of existing television operators and satellite television. The proportion of new digital television viewers increased to 52.1% in December of 2018, compared to 46.7% in December 2017. However, the result of intense competition in the industry from limited ad spending resulted in a decrease in the performance of the Company's digital television media business or "Channel 8". Despite the average ratings in December 2018 (viewers aged 4+ in 24 hours' period), being slightly reduced due to the ceasing of boxing program broadcasts on Friday and Saturday, the overall main programs remained popular and successful, including Thai dramas "Payak Ka", followed by "Sap Kraseu" and "Sin Lai Hong" as well as foreign series "Sankat Mochan Mahabali Hanumaan", "Rangrasiya" and "Phikkhanet Mahathep Aiyara" and news programs both "Morning News" and "Evening News".

From effective management of the entire group of companies, it has been possible to manage all the media with 100% utilization by advertising and selling a wide variety of MPC products of the entire group, continuously increasing the growth rate.

For the radio media business or "COOLfahrenheit" is still popular and commands the No. 1 position in the Easy Listening category and its activities for listeners were remained popular.

#### Revenue from Music and Other Businesses

Revenue from music and other businesses decreased from the impact of the whole industry, which is shrinking. However, from the restructuring of the businesses and implementation of control cost to become more streamlined, these businesses have become more efficient in earning good profits. In the music business, most of the revenue is still derived from revenue from increasing online channels.

#### • **Cost of Sales and Services**

Cost of sales and services in the amount of 2,205.3 million baht increased from the previous year in the amount of 76.1 million baht or 3.6% as a result of increased revenue of MPC business. However, the rate of increase in the cost of sales and services has still been less than the increase in the total revenue, reflecting cost controls for the media business, music business and others.

#### • **Selling and Administrative Expenses, and Finance Costs**

Selling and administrative expenses of 1,054.4 million baht rose from the previous year by 122.3 million baht or 13.1%. This was mainly due to higher staff expenses in accordance with the higher MPC revenue.

Financial costs of 68.3 million baht, decreased by 22.1 million baht or 24.5%. This was derived mainly from a decrease in interest expenses for long-term bank loans, as a result of the increase in operating profit from the Company's core businesses and the more efficient cash flow management.

In the past year, there was an extraordinary item booked under gain from modification of payment term of license for operation right in spectrum of digital television (after tax) totaling 75.7 million baht.

#### • **Gross Profit Margin, Net Profit Margin and Return On Equity (ROE)**

	Year 2017	Year 2018
Gross Profit Margin	39.2%	42.4%
Net Profit Margin	9.4%	13.4%
Return On Equity (ROE)	27.2%	33.6%

In 2018, the Company had a gross profit margin, a net profit margin and a rate of return on shareholders' equity that increased from the previous year. This is mainly due to the growth of revenue from the MPC business, as well as effective cost controls of the Channel 8 television media.

## 2. Assets

### • Asset Components

As of December 31, 2018, the Company had total assets of 4,073.3 million baht, comprised of 29.1% current assets and 70.9% non-current assets. The main assets include the broadcasting license to operate the digital television business, which makes up 34.3% of total assets, trade and other receivables (net) at 13.6%, intangible assets (net) at 17.7%, cash and cash equivalents at 8.3%, plant and equipment (Net) at 8.1%, inventories (net) at 7.0% and others at 11.0%.

The total assets as of December 31, 2018 amounted to 4,073.3 million baht, a slight decrease from the previous year by 3.2%. This was mainly due to the amortization of the broadcast license fees for the digital television business in the amount of 135.3 million baht. Also, trade and other receivables (net) decreased by 69.1 million baht due to the reduction in trade accounts receivables in the media business group that varies with the income earned. In the meantime, net intangible assets increased by 132.9 million baht for investments made in Thai drama and foreign series copyrights.

### • Quality of the Assets

#### Trade Accounts Receivable – Others (net)

Trade accounts receivable classified by aging are as follows :

Unit : million baht	Year 2017		Year 2018		Change	
	Amount	%	Amount	%	Amount	(y-y)
Current	301.7	53.8%	324.3	64.2%	22.6	7.5%
Less than 3 months	188.1	33.6%	132.0	26.1%	-56.1	-29.8%
3 – 6 months	3.1	0.5%	3.1	0.6%	-	-
6 – 12 months	6.5	1.2%	0.7	0.2%	-5.8	-89.2%
Over 12 months	60.9	10.9%	44.9	8.9%	-16.0	-26.3%
<b>Total</b>	<b>560.3</b>	<b>100.0%</b>	<b>505.0</b>	<b>100.0%</b>	<b>-55.3</b>	<b>-9.9%</b>
Less: Allowance for doubtful accounts	-58.9	-10.5%	-42.4	-8.4%	-16.5	-28.0%
<b>Trade accounts receivable – others (net)</b>	<b>501.4</b>	<b>89.5%</b>	<b>462.6</b>	<b>91.6%</b>	<b>-38.8</b>	<b>-7.7%</b>

Key Financial Ratios :

	Year 2017	Year 2018
Receivable turnover ratio (time)	6.25	7.18
Collection days (day)	58	51

As of December 31, 2018, the Company had trade accounts receivable - other businesses (net) of 462.6 million baht, a decrease of 38.8 million baht from the previous year or 7.7%, due to a decrease in debtors from the media business, which varies according to the lower income earned. In 2018, the Company had

an average collection period of 51 days, down from the previous year at 58 days, due to the increase in the proportion of product sales from the MPC business. On the whole, payments are made in cash or with credit terms of up to 1 month, which has shortened the period of time required in collecting payments. Mainly, when considering the aging of accounts receivable, over 80% of them are collected within 3 months, which is still in accordance with the credit policy for customers at the average period of 2 to 3 months. For debtors with accounts receivable aged over 1 year or have problems making payments, the Company has a policy to regularly assess and review the allowance for doubtful accounts, so that the debt balances in the financial statements reflect the amount expected to be realized in 2018. The Company's allowance for doubtful accounts is 8.4%, down from last year's, which was 10.5%.

#### Inventories (net)

Unit : million baht	Year 2017		Year 2018		Change	
	Amount	%	Amount	%	Amount	(y-y)
Cost	326.5	100.0%	312.3	100.0%	-14.2	-4.4%
Less: Allowance for obsolete inventories	-10.9	-3.3%	-27.5	-8.8%	16.6	152.1%
<b>Inventories (net)</b>	<b>315.6</b>	<b>96.7%</b>	<b>284.8</b>	<b>91.2%</b>	<b>-30.8</b>	<b>-9.8%</b>

#### Key Financial Ratios :

	Year 2017	Year 2018
Inventory turnover ratio (time)	9.56	7.35
Average number of days sales (day)	38	50

As of December 31, 2018, inventories consisted of finished consumer products, television program works in progress, marketing activities and others, with a total net worth of 284.8 million baht. This represents a decrease from the previous year by 30.8 million baht or 9.8%. This year, the Company recorded an allowance for obsolete products, increasing from that of the previous year, for outstanding products in stock for a long time. This was in accordance with the policy that regularly reviews the value of inventories during every accounting period, in order to ensure that the inventory value shown in the financial statements is not less than the net realizable value. This year, the proportion of allowance for obsolete products is 8.8%, increasing from that of the previous year at 3.3%. At any rate, the Company still has plans to use this outstanding stock in various marketing promotions in order to remove them from the inventories.

In 2018, the Company had an average selling period of 50 days, increasing from 38 days in 2017. At the end of 2017, the Company planned to increase its product offerings to be more diverse, to increase the volume of products to support sales growth for the future. This has made this year's average selling period higher than the previous year. However, the Company has a policy to manage its inventory to be at an appropriate level and sufficiently comply with its sales and marketing plans, including effective coordination with its sales and warehouse management efforts.

### Intangible Assets (net)

Unit : million baht	Year 2017		Year 2018		Change	
	Amount	%	Amount	%	Amount	(y-y)
Cost	2,277.2	100.0%	2,747.1	100.0%	469.9	20.6%
Less:						
Accumulated Amortisation	-1,340.5	-58.9%	-1,666.4	-60.7%	325.9	24.3%
Allowance for impairment	-349.5	-15.3%	-360.6	-13.1%	11.1	3.2%
<b>Intangible assets (net)</b>	<b>587.2</b>	<b>25.8%</b>	<b>720.1</b>	<b>26.2%</b>	<b>132.9</b>	<b>22.6%</b>

As of December 31, 2018, intangible assets (net) consist of series copyrights, music copyrights, computer programs and others, with a total net worth of 720.1 million baht, an increase of 132.9 million baht from the previous year or 22.6%, due to the increase in series copyrights, international series and computer programs to support various work systems. The allowance for impairment at the end of 2018 amounted to 360.6 million baht, slightly increasing from the previous year. This comes from recording an allowance for impairment of copyrighted music that has an indefinite useful life. The Company therefore does not have to write it off, but rather, use the impairment testing method instead. At any rate, the Company has a policy to regularly review the impairment of all types of intangible assets in every accounting period, so that the intangible assets shown in the financial statements are no less than the expected recoverable amount.

### 3. Liquidity

- Cash Flow

Unit : million baht	Year 2017	Year 2018
Cash flow from operating activities	1,065.3	1,161.0
Cash flow from investing activities	-393.9	-518.4
Cash flow from financing activities	-544.3	-533.8
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>127.1</b>	<b>108.8</b>
<b>Cash and cash equivalents, closing balance</b>	<b>230.8</b>	<b>339.6</b>

For the year ending December 31, 2018, the Company had cash and cash equivalents of 339.6 million baht, an increase of 108.8 million baht during the year due to the increase in cash flow from operating activities – the result of high sales growth from the MPC business. Meanwhile, net cash used in investing activities was 518.4 million baht due to investment in international drama and series content for broadcasts on the Channel 8 television media. The cash flow from financing activities included the use of 533.8 million baht; this included repayment of a long-term loan of 270.0 million baht and an interim dividend payment of 241.7 million baht.

- **Key Liquidity Ratios**

	Year 2017	Year 2018
Current Ratio (time)	0.89	1.04
Quick Ratio (time)	0.55	0.70
Collection days (day)	58	51
Average number of days sales (day)	38	50
Payment days (day)	37	48
Cash cycle (day)	59	53

In the overall picture of 2018, the Company's liquidity increased from the previous year, both from higher sales of the MPC business, resulting in increased cash flow; and from government measures to help digital TV operators, allowing them to suspend the payment of digital TV license fees for 3 years, which can help alleviate the short-term debt obligations of the Company. In addition, the Company has a 53-day cash cycle, which marks a decrease from the previous year's 59 days; this reflects faster collection of the average debt and more effective credit management.

#### 4. Sources of Funds

- **Liabilities, Equity and Debt to Equity Ratio**

Unit : million baht	Year 2017	Year 2018	Change	
			Amount	(y-y)
Short-term loans from financial institution	213.0	240.0	27.0	12.7%
Long-term loans from financial institution	666.1	396.1	-270.0	-40.5%
Payable for cost of license for operation right in spectrum of digital television (net)	894.5	830.6	-63.9	-7.1%
Other current liabilities	908.6	821.9	-86.7	-9.5%
Other non-current liabilities	124.9	112.4	-12.5	-10.0%
<b>Total liabilities</b>	<b>2,807.1</b>	<b>2,401.0</b>	<b>-406.1</b>	<b>-14.5%</b>
<b>Equity attributable to owners of the parent</b>	<b>1,396.9</b>	<b>1,671.2</b>	<b>274.3</b>	<b>19.6%</b>
<b>Debt to equity ratio (time)</b>	<b>2.01</b>	<b>1.44</b>		

As of December 31, 2018, the Company had a total debt of 2,401.0 million baht, down 406.1 million baht from last year or 14.5% from the repayment of 270.0 million baht in long-term borrowings. The latter reflects the repayment of 230.0 million baht before loan maturation. Current liabilities decreased from commissions and sales promotion expenses, which varied according to the decreased media revenue.

As of December 31, 2018, the Company's share as the owner of the parent company amounted to 1,671.2 million baht, up 274.3 million baht or 19.6% from last year, due to the increase in profits during the period of 516.0 million baht and the payment of 241.7 million baht in dividends.

In 2018, the ratio of debt to shareholders' equity was 1.44 times, a decrease from 2017, which had a ratio of 2.01 times. This was mostly the result of the decrease in total liabilities from the repayment of long-term loans and the increase in the shares of the owners of the parent company from high profits earned during the year.

## **5. Key Factors and Influences that may affect the Performance and Financial Position in the Future**

In 2019, MPC business continues to expand its distribution, both via single-level direct sales channels, which produce products inclusively for this channel and promote the products and conduct public relations through the Company's media channels, online media, and other media nationwide. For online channels, there are plans to implement data analytics systems to develop this channel, including helping to analyze the data of over a million customers in the database, as well as to develop an after-sales system. These aim to encourage customers to repeat purchases and to get them interested in buying more new products. In terms of product development, the Company will strive to develop products to roll out more product varieties, and focus on products with high profit margins.

For the "Channel 8" television channel, with its slogan "Everyone's watching Channel 8", in 2019, the line-up will include Thai drama series, which were very successful from the previous year; foreign series, "Phikkhanet Mahathep Avatar", followed by "Aladdin"; as well as news programs, further strengthened by programs like "Knock on Door for Channel 8" and a new variety format that will also support the increase of Channel 8's ratings.