

# Financial Statement and Management Discussion and Analysis of Annual Report 2016 in Brief

*Financial Statement and Management Discussion and Analysis of Annual Report 2016 in brief has been prepared for shareholder's convenience and preliminary study only. The full version of Financial Statement and Management Discussion and Analysis 2016 can be downloaded at [www.rs.co.th/investor.html](http://www.rs.co.th/investor.html).*

# 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 2016, 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

I have audited the accompanying consolidated and separate financial statements of the Group and the Company, which comprise the consolidated and separate statements of financial position as at 31 December 2016, and the related consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including 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 matter	How my audit addressed the key audit matter
<p><b>Valuation of ‘license for operation right in spectrum of digital television’</b></p> <p><i>Refer to note 15 License for operation right in spectrum of digital television (net) to the consolidated and company financial statements</i></p> <p>As at 31 December 2016, the amortisation loss of the ‘license for operation right in spectrum of digital television’ net amount with accumulate of Baht 1.67 billion net of accumulated amortisation. There was a transition from analog television to digital television, however digital television doesn’t have a nationwide audience. Therefore, the market share of digital television is still less than analog television. The result is that the competitiveness of digital television is less than analog television.</p> <p>The above circumstances indicated that the recoverable amount from using the ‘license for operation right in spectrum of digital television’ might be less than the net book value. The management has evaluated the impairment loss of the ‘license for operation right in spectrum of digital television’ and found no impairment loss is needed.</p> <p>I focused on the impairment test of the ‘license for operation right in spectrum of digital television’ because it was a significant amount and significant assumptions were made by the management to assume the overall growth rates and discount rates. The small changes in factors of these can result in a significant change in the cash flow forecast.</p>	<p>I evaluated and challenged the management about the Group’s cash flow forecast and the process by which they were drawn up, and tested the underlying values used in calculations.</p> <p>I compared the Group’s forecast to the previous year’s cash flow forecast and evaluated and challenged significant amendments. And I compared the Group’s cash flow forecast to the actual result for the year.</p> <p>I challenged the management about the key assumptions. These are the revenue growth rates and the discount rate. I understood management’s plans for future growth and considered these were achievable over the appropriate term. I also compared the revenue growth rates to economic and industry forecasts. In addition, I assessed the discount rate for the cost of capital for the Group and an actual interest rate.</p> <p>I performed sensitivity analysis around the revenue growth rate and discount rate to find the extent of change in those assumptions that would be required for the intangible asset to be impaired.</p> <p>Based on available evidence, management’s assumptions applied in the valuation of ‘license for operation right in spectrum of digital television’ were reasonable.</p>

Key audit matter	How my audit addressed the key audit matter
<p><b>Deferred tax assets on tax loss of subsidiaries which were not profitable</b></p> <p><i>Refer to note 18 Deferred tax assets (net) to the consolidated and company financial statements</i></p> <p>At 31 December 2016, the Group had deferred tax assets of Baht 304 million, of which Baht 143 million relates to taxable loss from the Company and the Group's subsidiaries.</p> <p>The Group recognised the deferred tax asset for tax losses carried forward to the extent that it was probable that future taxable profits will allow it to be recovered. The Group's management prepared income projections which contain estimates of future taxable income mainly to support the recoverability of the deferred tax asset for tax losses carried forward. However, changes in key assumptions, the revenue and profit growth rates, may impact these projections.</p> <p>I focused on the area of deferred tax assets because it is a significant amount and the amount of those deferred tax assets required management's judgments on the future profitability of the Group's subsidiaries mainly to support the recoverability of the deferred tax asset for tax losses carried forward.</p>	<p>I understood the underlying transaction basis for the significant deferred tax assets and I found evidence to support the rationale on which the deferred tax assets had been recognised. I assessed the available tax losses carried forward by considering their expiry periods together with the relevant tax laws regarding the recovery of deferred tax assets. In addition, I evaluated the arithmetical accuracy in the tax computation and projection.</p> <p>I evaluated and challenged the management about the assumptions used in the five-year business plan including expiry periods set by the relevant tax laws, assumptions for future growth which is driven by revenue, and profit growth rates. The revenue growth rates in the business plan were compared to economic and industry forecasts.</p> <p>Based on my procedures performed I consider the management's key assumptions used in the estimate of future taxable income to be within a reasonable level.</p>

Key audit matter	How my audit addressed the key audit matter
<p><b>Recognition of amortisation expense of production cost of drama series</b></p> <p><i>Refer to note 2.10 intangible assets to the consolidated and company financial statements</i></p> <p>At 31 December 2016, The Group holds the cost of production of drama series amounting to Baht 299 million which represents 54% of the total intangible assets. The intangible assets were carried at cost less accumulated amortisation. The cost of production for drama series was amortised based on the expected pattern of consumption of the future economic benefits embodied in the assets.</p> <p>The management divided the cost of production of drama series into two parts. The first component amortised based on the number of broadcasts under the channel's on-air forecast schedule and the remaining part is amortised using the straight-line method.</p> <p>I focused on the amortisation method based on the number of broadcasts under the channel's on-air forecast schedule because this significantly involved the management's judgments. In addition, the cost of production drama series was a significant amount.</p>	<p>I understood and performed the amortisation method testing by</p> <ul style="list-style-type: none"> <li>• Assessing the appropriateness of management's judgments about the forecast and estimation of the number of broadcasts of each series by comparing the forecast channel's on-air schedule.</li> <li>• Evaluating the actual consumption of certain drama series by comparing to the channel's on-air schedule which was used in the calculation for amortisation expense.</li> <li>• Evaluating the arithmetical accuracy in the calculation performed.</li> </ul> <p>Based on available evidence, I consider the management's judgement to be reasonable and within acceptable range.</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.

**Sudwin Panyawongkhanti**

Certified Public Accountant (Thailand) No. 3534

Bangkok

22 February 2017

**RS Public Company Limited**  
**Statement of Financial Position**  
**As at 31 December 2016**

	Notes	Consolidated financial statements		Separate financial statements	
		31 December	31 December	31 December	31 December
		2016	2015	2016	2015
		Baht	Baht	Baht	Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	103,761,958	757,111,787	23,739,791	518,611,127
Short-term investment - 12-month fixed deposits	8	-	4,522,302	-	-
Trade and others accounts receivable (net)	9	647,567,198	875,711,663	568,171,986	1,023,419,799
Short-term loans to related companies (net)	35 d)	-	-	577,700,000	494,274,774
Inventories (net)	10	129,679,765	163,095,437	3,525,818	54,667,935
Value added tax	23	67,630,189	40,928,458	-	-
Other current assets (net)	11	1,483,466	97,984,687	326,904	96,728,841
<b>Total current assets</b>		<b>950,122,576</b>	<b>1,939,354,334</b>	<b>1,173,464,499</b>	<b>2,187,702,476</b>
<b>Non-current assets</b>					
Trade accounts receivable					
-related company -non current	9	-	-	291,364,640	-
Investments in subsidiaries (net)	12	-	-	581,361,593	481,732,849
Investments in associated company (net)	13	4,103,678	5,102,753	-	-
Plant and equipment (net)	14	473,046,349	384,016,267	450,699,505	358,736,941
License for operation right in spectrum of digital television (net)	15	1,666,431,413	1,802,058,253	-	-
Intangible assets (net)	16	551,610,176	323,571,197	142,171,290	109,666,456
Prepaid expense - non current		35,416,667	-	-	-
Withholding tax (net)	17	124,080,113	130,537,536	55,838,141	69,548,760
Deferred tax assets (net)	18	303,617,658	228,020,379	94,574,938	108,772,378
Other non-current assets (net)	19	30,859,926	31,265,889	27,713,927	28,119,889
<b>Total non-current assets</b>		<b>3,189,165,980</b>	<b>2,904,572,274</b>	<b>1,643,724,034</b>	<b>1,156,577,273</b>
<b>Total assets</b>		<b>4,139,288,556</b>	<b>4,843,926,608</b>	<b>2,817,188,533</b>	<b>3,344,279,749</b>

**RS Public Company Limited**  
**Statement of Financial Position**  
**As at 31 December 2016**

	Notes	Consolidated financial statements		Separate financial statements	
		31 December	31 December	31 December	31 December
		2016	2015	2016	2015
		Baht	Baht	Baht	Baht
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Trade and other accounts payable	20	589,116,455	1,419,373,826	264,066,264	1,121,993,242
Current portion of liability under finance lease agreements (net)	21	11,667,631	5,865,272	11,667,631	5,865,272
Current portion of payable for license for operation right in spectrum of digital television (net)	15	378,075,913	361,674,762	-	-
Short-term loans from financial institution	22	706,000,000	-	598,000,000	-
Short-term loans from related companies	35 e)	-	-	140,400,000	48,000,000
Provision for goods returned		1,891,930	14,365,874	-	14,365,874
Value added tax	23	43,962,189	48,410,441	33,707,868	26,430,661
Accrued income tax		22,905,356	37,642,175	-	-
Withholding tax payable		15,149,577	11,949,157	4,989,690	6,762,080
<b>Total current liabilities</b>		<b>1,768,769,051</b>	<b>1,899,281,507</b>	<b>1,052,831,453</b>	<b>1,223,417,129</b>
<b>Non-current liabilities</b>					
Liabilities under financial lease agreements (net)	21	24,702,002	7,206,218	24,702,002	7,206,218
Long-term loans from financial institution	24	444,060,000	-	-	-
Payable for cost of license for operation right in spectrum of digital television (net)	15	727,842,925	1,105,918,838	-	-
Provision for other losses		-	1,659,333	-	-
Employee benefit obligations	25	97,959,294	85,545,748	84,092,281	74,813,289
Other non-current liabilities	26	16,431,623	17,156,186	10,832,374	11,007,788
<b>Total non-current liabilities</b>		<b>1,310,995,844</b>	<b>1,217,486,323</b>	<b>119,626,657</b>	<b>93,027,295</b>
<b>Total liabilities</b>		<b>3,079,764,895</b>	<b>3,116,767,830</b>	<b>1,172,458,110</b>	<b>1,316,444,424</b>

**RS Public Company Limited**  
**Statement of Financial Position**  
**As at 31 December 2016**

	Notes	Consolidated financial statements		Separate financial statements	
		31 December	31 December	31 December	31 December
		2016	2015	2016	2015
		Baht	Baht	Baht	Baht
<b>Liabilities and equity (Cont'd)</b>					
<b>Equity</b>					
Share capital	27.1				
Authorised share capital					
1,013,591,880 ordinary shares					
of par Baht 1 each			1,013,591,880		1,013,591,880
1,009,937,646 ordinary shares					
of par Baht 1 each		1,009,937,646		1,009,937,646	
Issued and fully paid-up share capital					
1,009,937,646 ordinary shares					
of par Baht 1 each		1,009,937,646	1,009,937,646	1,009,937,646	1,009,937,646
Premium on share capital	27.1	255,824,816	255,824,816	255,824,816	255,824,816
Treasury shares	27.2	(465,274,840)	-	(465,274,840)	-
Difference between the purchase price					
of investment in subsidiaries					
under common control and their					
net book value		-	(16,593,840)	-	-
Retained earnings					
Appropriated - legal reserve		100,894,958	91,780,991	100,894,958	91,780,991
Appropriated - treasury share reserve		465,274,840	-	465,274,840	-
Unappropriated		(317,336,467)	375,900,765	278,073,003	670,291,872
<b>Equity attributable to owners of the parent</b>		<b>1,049,320,953</b>	<b>1,716,850,378</b>	<b>1,644,730,423</b>	<b>2,027,835,325</b>
Non-controlling interests		10,202,708	10,308,400	-	-
<b>Total equity</b>		<b>1,059,523,661</b>	<b>1,727,158,778</b>	<b>1,644,730,423</b>	<b>2,027,835,325</b>
<b>Total liabilities and equity</b>		<b>4,139,288,556</b>	<b>4,843,926,608</b>	<b>2,817,188,533</b>	<b>3,344,279,749</b>

RS Public Company Limited  
Statement of Comprehensive Income  
For the year ended 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
<b>Revenue</b>					
Revenue from sales		838,344,671	795,468,082	602,604,617	526,270,615
Revenue from services		2,286,574,490	2,933,238,304	823,641,491	1,410,569,657
<b>Total revenue and services income</b>		<b>3,124,919,161</b>	<b>3,728,706,386</b>	<b>1,426,246,108</b>	<b>1,936,840,272</b>
Cost of sales		(399,755,366)	(379,643,823)	(304,699,156)	(252,743,876)
Cost of services		(1,931,248,198)	(2,323,358,482)	(810,971,576)	(1,215,832,602)
<b>Total cost of sales and services</b>		<b>(2,331,003,564)</b>	<b>(2,703,002,305)</b>	<b>(1,115,670,732)</b>	<b>(1,468,576,478)</b>
<b>Gross profit</b>		<b>793,915,597</b>	<b>1,025,704,081</b>	<b>310,575,376</b>	<b>468,263,794</b>
Other income	29	123,589,627	51,551,204	444,284,393	611,176,175
<b>Profit before expenses</b>		<b>917,505,224</b>	<b>1,077,255,285</b>	<b>754,859,769</b>	<b>1,079,439,969</b>
Selling expenses		(441,938,595)	(345,119,294)	(124,755,919)	(140,965,440)
Administrative expenses		(516,763,250)	(531,187,500)	(427,375,121)	(479,581,259)
Allowance for impairment on investment in subsidiaries		-	-	11,870,455	(35,076,889)
Other expenses	30	(1,907,295)	(83,033)	(2,057,180)	(1,080,279)
Finance costs	32	(83,372,848)	(81,084,844)	(16,065,241)	(4,751,313)
<b>Profit (loss) before income tax</b>		<b>(126,476,764)</b>	<b>119,780,614</b>	<b>196,476,763</b>	<b>417,984,789</b>
Income tax credit (expense)	33	24,235,322	12,329,876	(14,197,440)	19,427,875
<b>Profit (loss) for the year</b>		<b>(102,241,442)</b>	<b>132,110,490</b>	<b>182,279,323</b>	<b>437,412,664</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income (loss) for the year</b>		<b>(102,241,442)</b>	<b>132,110,490</b>	<b>182,279,323</b>	<b>437,412,664</b>

RS Public Company Limited  
Statement of Comprehensive Income  
For the year ended 31 December 2016

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
		<u>Reclassified</u>		<u>Reclassified</u>	
	<u>Note</u>	<u>2016</u> <u>Baht</u>	<u>2015</u> <u>Baht</u>	<u>2016</u> <u>Baht</u>	<u>2015</u> <u>Baht</u>
<b>Profit (loss) attributable to</b>					
Owners of the parent		(102,145,200)	121,634,482	182,279,323	437,412,664
Non - controlling interests		(96,242)	10,476,008	-	-
		<u>(102,241,442)</u>	<u>132,110,490</u>	<u>182,279,323</u>	<u>437,412,664</u>
<b>Total comprehensive</b>					
<b>income (loss) attributable to</b>					
Owners of the parent		(102,145,200)	121,634,482	182,279,323	437,412,664
Non - controlling interests		(96,242)	10,476,008	-	-
		<u>(102,241,442)</u>	<u>132,110,490</u>	<u>182,279,323</u>	<u>437,412,664</u>
<b>Earnings per share for profit</b>					
<b>attributable to the</b>					
<b>equity holders of the parent</b>					
Basic earnings per share (Baht)	34.1	<u>(0.1043)</u>	<u>0.1208</u>	<u>0.1862</u>	<u>0.4345</u>

RS Public Company Limited  
Statement of Changes in Equity  
For the year ended 31 December 2016

Consolidated financial statements (Baht)										
For the year ended 31 December 2015										
Attributable to owners of the parent										
Notes	Authorised, issued and fully paid-up share capital	Share premium	Treasury shares	Difference between the purchase price of investments in subsidiaries under common control and their net book value	Retained earnings			Total owners of the parent	Non- controlling interests	Total
					Legal reserve	Treasury shares reserve	Unappropriated			
<b>Opening balance as at 1 January 2015</b>	1,022,346,046	255,224,632	(74,671,816)	(16,593,840)	69,910,358	74,671,816	382,380,696	1,713,267,892	30,060,669	1,743,328,561
<b>Changes in equity for the year</b>										
Resale of treasury shares	27.2	-	40,539,101	22,324,499	-	-	-	62,863,600	-	62,863,600
Decrease in share capital from decreasing in treasury shares	27.2	(12,408,400)	(39,938,917)	52,347,317	-	-	-	-	-	-
Decrease in non-controlling interests from decrease in share capital of subsidiary	27.2	-	-	-	-	-	-	-	(18,750,000)	(18,750,000)
Treasury shares reserve		-	-	-	-	(74,671,816)	74,671,816	-	-	-
Legal reserve		-	-	-	21,870,633	-	(21,870,633)	-	-	-
Dividends payment	28	-	-	-	-	-	(180,915,596)	(180,915,596)	(11,478,277)	(192,393,873)
Total comprehensive income for the period		-	-	-	-	-	121,634,482	121,634,482	10,476,008	132,110,490
<b>Closing balance as at 31 December 2015</b>	<b>1,009,937,646</b>	<b>255,824,816</b>	<b>-</b>	<b>(16,593,840)</b>	<b>91,780,991</b>	<b>-</b>	<b>375,900,765</b>	<b>1,716,850,378</b>	<b>10,308,400</b>	<b>1,727,158,778</b>

**RS Public Company Limited**  
**Statement of Changes in Equity (Cont'd)**  
**For the year ended 31 December 2016**

Consolidated financial statements (Baht)										
For the year ended 31 December 2016										
Attributable to owners of the parent										
Notes	Authorised, issued and fully paid-up share capital	Share premium	Treasury shares	Difference between the purchase price of investments in subsidiaries under common control and their net book value	Retained earnings			Total owners of the parent	Non- controlling interests	Total
					Legal reserve	Treasury shares reserve	Unappropriated			
<b>Opening balance as at 1 January 2016</b>	1,009,937,646	255,824,816	-	(16,593,840)	91,780,991	-	375,900,765	1,716,850,378	10,308,400	1,727,158,778
<b>Changes in equity for the year</b>										
Resale of treasury shares	27.2	-	-	(465,274,840)	-	-	-	(465,274,840)	-	(465,274,840)
Treasury shares reserve		-	-	-	-	465,274,840	(465,274,840)	-	-	-
Difference between the purchase price of investments in subsidiaries under common control and their net book value		-	-	-	16,593,840	-	(16,593,840)	-	-	-
Legal reserve		-	-	-	9,113,967	-	(9,113,967)	-	-	-
Dividends payment	28	-	-	-	-	-	(100,109,385)	(100,109,385)	(9,450)	(100,118,835)
Total comprehensive income for the period		-	-	-	-	-	(102,145,200)	(102,145,200)	(96,242)	(102,241,442)
<b>Closing balance as at 31 December 2016</b>	<b>1,009,937,646</b>	<b>255,824,816</b>	<b>(465,274,840)</b>	<b>-</b>	<b>100,894,958</b>	<b>465,274,840</b>	<b>(317,336,467)</b>	<b>1,049,320,953</b>	<b>10,202,708</b>	<b>1,059,523,661</b>

**RS Public Company Limited**  
**Statement of Changes in Equity (Cont'd)**  
**For the year ended 31 December 2016**

Separate financial statements (Baht)							
For the year ended 31 December 2015							
Attributable to owners							
Notes	Authorised, issued and fully paid-up share capital	Share premium	Treasury shares	Retained earnings			Total
				Appropriated		Unappropriated	
				Legal reserve	Treasury shares reserve		
<b>Opening balance as at 1 January 2015</b>	1,022,346,046	255,224,632	(74,671,816)	69,910,358	74,671,816	360,993,621	1,708,474,657
<b>Changes in equity for the period</b>							
Resale of treasury shares	27.2	-	40,539,101	22,324,499	-	-	62,863,600
Decrease in share capital	27.2	(12,408,400)	(39,938,917)	52,347,317	-	-	-
Treasury shares reserve		-	-	-	(74,671,816)	74,671,816	-
Legal reserve		-	-	-	21,870,633	-	(21,870,633)
Dividend payment	28	-	-	-	-	-	(180,915,596)
Total comprehensive income (loss) for the year		-	-	-	-	-	437,412,664
<b>Closing balance as at 31 December 2015</b>		<u>1,009,937,646</u>	<u>255,824,816</u>	<u>-</u>	<u>91,780,991</u>	<u>-</u>	<u>670,291,872</u>
							<u>2,027,835,325</u>

**RS Public Company Limited**  
**Statement of Changes in Equity (Cont'd)**  
**For the year ended 31 December 2016**

Separate financial statements (Baht)								
For the year ended 31 December 2016								
Attributable to owners								
	Notes	Authorised, issued and fully paid-up share capital	Share premium	Treasury shares	Retained earnings			Total
					Legal reserve	Treasury shares reserve	Unappropriated	
<b>Opening balance as at 1 January 2016</b>		1,009,937,646	255,824,816	-	91,780,991	-	670,291,872	2,027,835,325
<b>Changes in equity for the period</b>								
Resale of treasury shares	27.2	-	-	(465,274,840)	-	-	-	(465,274,840)
Treasury shares reserve		-	-	-	-	465,274,840	(465,274,840)	-
Legal reserve		-	-	-	9,113,967	-	(9,113,967)	-
Dividend payment	28	-	-	-	-	-	(100,109,385)	(100,109,385)
Total comprehensive income (loss) for the year		-	-	-	-	-	182,279,323	182,279,323
<b>Closing balance as at 31 December 2016</b>		<u>1,009,937,646</u>	<u>255,824,816</u>	<u>(465,274,840)</u>	<u>100,894,958</u>	<u>465,274,840</u>	<u>278,073,003</u>	<u>1,644,730,423</u>

**RS Public Company Limited**  
**Statement of Cash Flows**  
**For the year ended 31 December 2016**

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
<b>Cash flows from operating activities</b>					
Profit (loss) before income tax		(126,476,764)	119,780,614	196,476,763	417,984,789
Adjustments:					
Depreciation and amortisation	14, 15, 16, 31	468,498,619	546,666,741	110,597,903	88,988,709
Allowance for doubtful accounts	9	4,931,692	19,175,827	3,015,651	2,661,161
Allowance for doubtful in recoverable of withholding tax		(1,360,952)	(3,114,451)	-	-
Allowance for doubtful accounts for short-term loans to related companies (reversal)	35 d)	-	-	(9,425,226)	(10,574,774)
Allowance for obsolete inventories (reversal)	10	17,555,279	29,915,367	(3,565,749)	(3,630,215)
Loss from inventories destruction		6,959,939	3,888,845	6,959,234	3,888,845
Reversal of provision for goods returned		(12,473,944)	(22,369,059)	(14,365,874)	(22,369,059)
(Reversal of) allowance for impairment - intangible assets	16	15,152,801	(4,490,167)	15,460,069	15,802,735
Allowance for impairment					
- other current assets and other non-current assets	11, 19	(1,010,122)	672,755	93,536	(138,802)
Allowance for impairment - investment in an associated company	13	999,075	303,337	-	-
(Reversal of) allowance for impairments					
- investments in subsidiaries	12	-	-	(11,773,751)	49,370,541
Reversal of provision for loss on investment in subsidiaries	12	-	-	12,997,200	(2,949,109)
(Reversal of) provision for litigation case	30	-	(2,045,499)	-	-
(Gain) loss on write-off property, plant and equipment	30	455,998	807,675	438,754	509,063
Gain on disposal of property, plant and equipment	29	(418,842)	(744,323)	(276,618)	(27,945)
Employee benefit obligations	25	12,413,546	20,194,264	9,278,992	18,106,055
Dividend income	28	-	-	(122,813,200)	(369,578,855)
Interest income	29	(1,741,591)	(2,454,665)	(25,992,049)	(19,099,399)
Finance costs - interest expense	32	83,372,848	81,084,844	16,065,241	4,751,313
		466,857,582	787,272,105	183,170,876	173,695,053
Changes in working capital					
Trade and other accounts receivable		223,219,784	205,862,089	34,853,007	(228,559,402)
Inventories		8,900,454	(90,133,029)	47,748,632	(49,342,837)
Value added tax		(31,149,983)	(24,203,392)	7,277,207	(641,099)
Other current assets		96,947,535	(91,212,310)	96,848,251	(94,040,584)
Prepaid expense - non current		(35,416,667)	-	-	-
Other non-current assets		969,771	5,189,222	(133,888)	4,316,968
Trade and other accounts payable		(850,748,041)	588,867,436	(877,491,970)	646,929,951
Withholding tax payable		3,200,420	(11,388,929)	(1,772,390)	1,081,495
Other non-current liabilities		(2,383,896)	11,138,796	(175,414)	10,091,694
Cash generated from operating activities before interest income received, finance costs paid and income tax paid		(119,603,041)	1,381,391,988	(509,675,689)	463,531,239
Withholding tax refunded	17	61,886,965	12,297,788	37,010,317	12,297,788
Income tax paid		(120,167,366)	(192,056,271)	(23,299,698)	(32,922,621)
Net cash generated from (used in) operating activities		(177,883,442)	1,201,633,505	(495,965,070)	442,906,406

**RS Public Company Limited**  
**Statement of Cash Flows (Cont'd)**  
**For the year ended 31 December 2016**

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
<b>Cash flows from investing activities</b>					
Interest income received		1,734,580	2,470,534	25,010,734	16,236,570
Increase in short-term loans to related companies	35 d)	(30,000,000)	(68,500,000)	(815,500,000)	(338,500,000)
Receipts from short-term loans to related companies	35 d)	30,000,000	68,500,000	741,500,000	184,500,000
Decrease in short-term loans to employees		-	59,101	-	-
Payments on investments in subsidiaries		-	-	(100,852,193)	-
Short-term investment-12-month fixed deposits		4,522,302	(57,462)	-	-
Receipts from decrease in share capital of subsidiaries		-	-	-	93,750,000
Receipts from dividend income		-	-	249,809,030	379,079,203
Purchases of property, plant and equipment		(139,435,339)	(88,983,784)	(142,928,538)	(70,385,388)
Proceeds from disposals of property, plant and equipment		6,948,891	8,693,737	13,074,284	248,598
Purchases of intangible assets		(471,237,618)	(274,408,741)	(60,523,831)	(10,884,255)
Proceeds from disposals intangible assets		-	530,895	262,296	-
Net cash receipts (payments) from investing activities		(597,467,184)	(351,695,720)	(90,148,218)	254,044,728
<b>Cash flows from financing activities</b>					
Interest expense paid		(28,399,595)	(13,364,724)	(14,507,890)	(4,939,309)
Proceeds from short-term loans from financial institutions		3,046,000,000	470,000,000	2,573,000,000	370,000,000
Payments on short-term loans from financial institutions		(2,340,000,000)	(470,000,000)	(1,975,000,000)	(370,000,000)
Proceeds from long-term loans from financial institutions		444,060,000	-	-	-
Payments on liability under finance lease agreements		(19,265,933)	(10,216,316)	(19,265,933)	(10,216,316)
Advance payment of license for operation right in spectrum of digital television		(415,000,000)	(302,500,000)	-	-
Proceeds from short-term loans from related companies	35 e)	-	-	223,500,000	127,500,000
Payments on short-term loans from related companies	35 e)	-	-	(131,100,000)	(325,545,000)
Dividend paid	28	(100,109,385)	(180,915,596)	(100,109,385)	(180,915,596)
Decrease in non-controlling interests from dividend payment		(9,450)	(11,478,277)	-	-
Decrease in non-controlling interests from decrease capital	27.3	-	(18,750,000)	-	-
Receipts from resale of treasury shares	27.2	(465,274,840)	62,863,600	(465,274,840)	62,863,600
Net cash payments from financing activities		122,000,797	(474,361,313)	91,241,952	(331,252,621)
<b>Net increase (decrease) in cash and cash equivalents</b>		(653,349,829)	375,576,472	(494,871,336)	365,698,513
Cash and cash equivalents, opening balance		757,111,787	381,535,315	518,611,127	152,912,614
Cash and cash equivalents, closing balance		103,761,958	757,111,787	23,739,791	518,611,127
<b>Non-cash transactions and additional information:</b>					
Outstanding payables arising from purchases of property, plant and equipment as at 31 December		28,751,749	9,038,606	27,742,761	8,817,124
Outstanding payables arising from purchases of intangible assets as at 31 December		415,588	-	368,080	-
Payable arising from purchase of property, plant and equipment under finance lease agreement as at 31 December		41,278,000	9,960,000	41,278,000	9,960,000
Outstanding receivables arising from disposals of property, plant and equipment as at 31 December		-	-	-	5,945,521
Outstanding receivables arising from disposals of intangible assets as at 31 December		-	-	-	500,679
Accrued interest income from related company as at 31 December		2,489,884	-	-	-
Allowance for doubtful account accrued interest income from related company as at 31 December		(2,487,884)	-	-	-
Decrease in treasury shares	27.2	-	(52,347,317)	-	(52,347,317)
Decrease in premium on share capital from decreasing in treasury shares	27.2	-	39,938,917	-	39,938,917

## **Summary of Management Discussion and Analysis**

### **Operating results**

**Overall Business** : The media industry saw a decline in 2016 due largely to the suspension of regular broadcasts during the mourning period. Throughout the 30 days following October 13, 2016, the only broadcasts were news programs, including live television and radio updates on events related to the passing of His Majesty King Bhumibol Adulyadej. The media and advertising market continued to be affected until the end of 2016. Research results of AGB Nielsen Media Research (Thailand) shows that advertising expenditure for the television and radio media industry (ADEX) for the year 2016 dropped by 13.802 billion baht, compared to 2015, as a result of the decrease in media spending on both television and radio. As for digital television, advertising expenditure experienced the smallest decrease; it declined by only 538 million baht or 2.6 percent, followed by for radio which decreased by 413 million baht or 7.3 percent.

The decline in advertising expenditure is in line with the decline in nationwide television viewers which contracted by 4.3 percent in December 2016 when compared to the same period in 2015. However, the proportion of digital television viewers rose to 43.7 percent of overall viewers in December 2016, compared with 29.3 percent in December 2015.

**Summary of 2016 Performance** : The consolidated financial statements of the company for the year ended December 31, 2016 shows net loss of 102.1 million baht, a decrease by 223.7 million baht or 184.0 percent from a net profit of 121.6 million baht in 2015. This is mainly due to revenue shortfall from television business as a result of the suspension of regular television broadcasting during the fourth quarter of 2016. The marketing expenses for health and beauty products increased since mid-2016 related to expansion to retail channels and a launch of health and beauty products nationwide. These contributed to net loss by 102.1 million baht in 2016, down by 223.7 million baht from 2015.

**Revenue** : Revenue from sales and services for the year ended December 31, 2016 amount of 3.125 billion baht, decreased from the same period in 2015 by 603.8 million baht, or 16.2 percent. The sources of revenue can be broken down by business units, as follows:

**Revenue from Media Business** : Revenue from the media business consists of revenue from television and radio. In 2016, total revenue from the media business amounted to 1.815 billion baht, a decrease by 431.4 million baht, or 19.2 percent from the same period in 2015 as a result of the followings:

**Television Media Business** : consists of revenue from “Channel 8” which operates under Digital Terrestrial Television (DTT) license in SD Variety category, and revenue from “Channel 2”, and “Sabaidee TV” which are satellite television channels.

The overall revenue from the television media business saw a decline, due to the impact of the contraction in ad spending for satellite television, which has significant implications on the decrease in overall advertising expenditure. The use of advertising through satellite television for 2016, compared to 2015, decreased by 2.560 billion baht or 42.3 percent. As a result, the revenue of “Channel 2” and “Sabaidee TV” fell. As for digital television, the drop in advertising expenditure, compared to 2015 is 2.6 percent mainly due to the suspension of

broadcasts for the 30-day mourning period during the fourth quarter, which continued to affect the industry until the end of the year. Nevertheless, revenue generated from “Channel 8”, which is the main revenue stream in the Company’s television media business, was strong, countering the performance of the overall market.

Throughout 2016, “Channel 8” under the concept “Intense Story, Full Emotion”, along with the newly unveiled logo and the addition of new programs to expand the urban viewership base, continued to enjoy popularity in its sports programs, namely, “8 Max Muay Thai”, “The Champion Muay Thai Dat Cheurk”, “HBO Boxing”, “Ultimate Fighting Championship (UFC)” and “Muay Thai Battle” and the new boxing show in the Friday prime time line up, called “Muay Thai Battle” and “Muay Mun Super Max”. For news category “Kui Kao Chong 8” (morning news) has set a new rating record for “Channel 8” which ranks number one in news program among new digital television operators and number three nationwide. With this progress in news category, it has expanded new programs of “Sadut Kao Det” and “Pak Tong Dong Ru”. As for drama series, 8 new series were aired, including “Sapai Rot Saeb”, “Monrak A-Soon”, “Pi Leang”, “La Dap Tawan”, “Baap Ban-pa-garn”, “Buang Rak Sa-lak Kaen”, “Mae Nak” and “Kratin Rimrua”. In addition, the channel added more fun with 3 new variety shows, including “The Guest Tee Sanit Khon Dang”, “Smile Ranger Kabuan-gan Ap Yim” and “English...Sakid Tom Ha”. Moreover, the new programming included popular foreign series from Korea and China - with the aim to capture new viewers. According to the survey conducted by AGB Nielsen Media Research (Thailand), the viewers of “Channel 8” at the end of 2016 had increased 13.9 percent from the end of previous year.

**Radio Media Business:** consists of revenue from the radio media business, or its “COOL Fahrenheit 93” radio channel. On the whole, revenue from the radio media business in 2016 decreased 11.9 percent from the previous year. This was mainly due to industry-wide shifts in media consumption behavior. Moreover, in 2016, the Company ceased operations for “Sabaidee Radio 88.5”. According to AGB Nielsen Media Research (Thailand), “COOL Fahrenheit 93” remains number one ranking for Easy Listening category and number two nationwide. There were well-received events for its audience throughout the year, including “Ink Eat All Around”, “COOL Music Alive”, “COOL Outing”, “COOL Music Fest” and “One Life”.

**Revenue from Music Business :** Revenue from the music business consists of revenue from the digital segment, copyright collection and artist management. The Company stopped manufacturing and distributing physical records since the first quarter of 2016, to better align with changing consumer behavior. As a result, the overall revenue for 2016 was 321.6 million baht, down by 142.0 million baht or 30.6 percent from the previous year. Also, the popular trend of downloading ringtones subsided. However, the increase in revenue from music streaming services and YouTube has yet to compensate the decrease in revenue from other channels. Nonetheless, after a business restructuring and streamlining operating costs, its profitability has continued to improve.

**Revenue from Event Business :** Revenue from the event business consists of revenue from concerts and marketing events organization. In 2016, revenue from event business was 753.2 million baht, an increase of 45.7 million baht from the previous year or 6.5 percent. This is attributed to the continuous hosting of successful concerts, including “The Next Venture Concert 2016”, “Love Laugh Cry with 9 Men” and concerts for various media of the Company such as “Channel 8 Pob Puen” and “Sabaidee Sunjorn”.

**Revenue from Health and Beauty Business :** Revenue from the health and beauty business comprised revenue from the facial care products under the “Magique” brand, hair care products under the “Revive” brand, and the food supplements products. The Company generated revenue of 227.9 million baht, which is relatively stable as compared with 2015 at 231.9 million baht. The main reason for the decrease was the suspension of sales via television media in the fourth quarter. This is also due to the fact that the economy has been stagnant for some time, which affects consumers’ purchasing decisions on new products. However, when the advertising market started to return to normal, the Company expanded its sales channels through its television programs and further leveraged its media outlets. It also increased the number of staff at its call center to better respond to the needs of an increasing number of customers. Moreover, the Company continues to exercise sales promotion and marketing activities in order to boost sales and to promote the product awareness in the market. There were also an expansion of sales outlets and co-promotions with Watsons, EVEANDBOY, Tops Market, Gourmet Market and Home Fresh Mart.

**Cost of Sales and Services :** Cost of sales and services amounted to 2.331 billion baht, a decrease of 372.0 million baht from the previous year, or 13.8 percent. This was mainly due to a decrease in the cost for satellite television operations, as a result of rigorous cost control to align with the diminishing revenue from satellite television. Another reason for lower cost was from music business, which showed a significant decrease in cost from the above mentioned operation. Even though the costs associated with “Channel 8” increased, it was in proportion to the growth in revenue. This also reflected the increase in the quality of the content and equipment needed for operations, costs for broadcasting drama series and the new program additions - all with the ongoing aim of boosting the channel’s popularity and increasing viewership.

**Selling and Administrative Expenses, Other Expenses, and Finance Costs :** Selling and administrative expenses and other expenses of 960.6 million baht increased by 84.2 million baht from 2015, or a 9.6 percent increase. This resulted from the increase in marketing expenses for the Company’s health and beauty products in an attempt to expand its sales channel to mass market. Finance costs of 83.4 million baht increased by 2.3 million baht from 2015 or 2.8 percent. The reason was from higher bank interest expenses in line with the newly drawn long-term loans to support the digital television concession installment.

**Gross Profit Margin, Net Profit Margin and Return On Equity (ROE) :** In 2016, the Company earned a gross profit margin of 25.4 percent; its net profit margin was -3.1 percent, and the shareholders’ return on equity was -7.4 percent. These figures represented a drop from those of 2015, which were 27.5 percent, 3.2 percent and 7.1 percent, respectively. This was mainly due to the decrease in earnings from the media and health and beauty businesses.

## **Financial Position**

Total assets, as of December 31, 2016, amounted to 4.139 billion baht, reflecting a decrease of 14.5 percent from 2015, mainly driven by a decrease in cash and cash equivalents by 86.3 percent from share repurchase program and investment in various types of content. Trade and other accounts receivable (net) declined by 26.1 percent in accordance with the decrease in revenue. During 2016, amortization of the DTT license amounted to 135.6 million baht. Intangible assets (net) increased by 70.5 percent from an increase in new TV program content, comprising drama series and international series.

Total liabilities as of December 31, 2016 were 3.080 billion baht, down from last year by 37.0 million baht or 1.2 percent. Major changes included increase in short term loans from financial institutions of 706.0 million baht to be used as working capital and increase in long term loans from financial institutions by 444.1 million baht to pay for the DTT license. Meanwhile, current liabilities decreased by 852.9 million baht, mainly from unearned revenue as contracted services were successfully delivered, and from the DTT license payment.

On December 31, 2016, the Company's portion of the parent company shareholders was 1.049 billion baht, down from last year's 667.5 million baht or 38.9 percent. This reflected the repurchase of shares in the amount of 465.3 million baht, the payment of dividends to shareholders in the amount of 100.1 million baht, and net loss for the period of 102.1 million baht.

## **Cash Flow**

For the year ending December 31, 2016, the Company held cash and cash equivalents of 103.8 million baht, down from last year by 653.3 million baht. This was mainly due to the repurchase of shares at 465.3 million baht; payment of 100.1 million baht in dividends; investment in new TV program content, including dramas, news and variety shows; and investments in equipment and operational systems to optimize production and operations. Moreover, during the year, the Company paid 415.0 million baht for the DTT license. It obtained loans, both short term and long term, from financial institutions of 1.1501 billion baht.