

Financial Statements in Brief and Management Discussion and Analysis of Annual Report for the year 2019

Disclaimer

The Financial Statements in brief and Management Discussion and Analysis of the Annual Report for the year 2019 was prepared for the convenience of shareholders, to facilitate the study of basic financial data only. This is comprised of portions of the Financial Statements (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 December 31, 2019, 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 Statements, Management Discussion and Analysis of the Annual Report 2019 can be accessed at www.rs.co.th/investor.html or in the form of QR code of the Annual Report, which is included here.

Financial Statements 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 2019, 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 2019;
- 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>Valuation of the licence for operation right in spectrum of digital television</p> <p><i>Refer to note 29 and 13 Licence for operation right in spectrum of digital television (net) of the consolidated and separate financial statements</i></p> <p>As at 31 December 2019, the Group had the Licence for operation right in spectrum of digital television which was valued at Baht 671 million, net of accumulated amortisation. As there are many digital TV channels, audiences have many choices for accessing content, meaning the digital television market is highly competitive.</p> <p>These factors indicate that the recoverable value of this licence might be less than the net book value. Management annually evaluated the impairment loss on this licence. This year the impairment test indicated that there was no impairment loss.</p> <p>I focussed on the impairment test of this licence because it relates to a significant amount. Also, assumptions were made by management to determine the recoverable value, estimating the overall revenue growth rates and discount rates in the future cash flow forecast. Small changes to these assumptions could result in a significant change to the cash flow forecast and licence impairment consideration.</p>	<p>I gain understand the method of assessing the impairment of the licence for operation right in spectrum of digital television and test the assumptions used by management in calculating the recoverable value of the licence. I performed the following;</p> <ul style="list-style-type: none"> 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. 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. challenging management on their key assumptions, including the revenue growth rates and the discount rate by: <ul style="list-style-type: none"> understanding management's plans for future growth. Also, assessing the Group's potential to achieve their plans over the relevant period by comparing the revenue growth rates to economic and industry forecasts, including comparing past income growth rates to consider the possibility of future growth plans. testing the appropriateness of the discount rate applied to the cost of capital for the Group by comparison with the actual interest rate. performing a sensitivity analysis of the revenue growth and discount rate assumptions to determine how a change in those assumptions would affect the impairment of the licence. <p>As a result of the above procedures, I found that management's assumptions applied in the licence valuation were reasonable based on the available evidence.</p>

Recognition of production cost amortisation of a drama series

Refer to note 2.10 and 14 'Intangible assets (net)' of the consolidated and company financial statements

As at 31 December 2019, the Group presented a Baht 498 million production cost balance of a drama series as an intangible asset. This represents 71% of the total intangible assets. The production costs were carried at cost with a deduction for accumulated amortisation. It was amortised based on the expected pattern of consumption of the future economic benefits embodied in the assets.

Management divided the production costs into two components. The first component was amortised based on the number of episodes forecast to be aired under the channel's on-air schedule. The residual component was amortised using the straight-line method.

I focussed on the amortisation method for the production costs based on the number of episodes forecast to be aired under the channel's on-air schedule because this is based on management's judgment of the number of episodes to be aired in the future. In addition, the production costs were a significant amount to the financial statements.

I understood and tested the amortisation method by performing these procedures:

- assessing the appropriateness of the management's judgements about the dividing of cost of drama production. The cost of drama production is divided based on the revenue generated from the number of episodes of each drama and the revenue generated from the sales of drama rights.
- assessing the appropriateness of the management's judgments about the forecast and estimated number of aired episodes of each series by comparing the forecast to the channel's on-air schedule.
- evaluating the actual number of aired episodes of drama series by comparing them to the channel's on-air schedule used in the amortisation calculation.
- testing the arithmetical accuracy of the calculation.

I evaluate the drama and series production cost amortization method and the forecast to be aired is reasonable and within an acceptable range based on available evidence. As a result of the tests, I found no difference between the drama and series production cost amortization and the number of actual episodes of the series and the drama broadcasting plans.

Deferred tax assets recognised from cumulative tax losses carried forward

Refer to note 2.14 and 16 'Deferred tax assets (net)' to the consolidated and company financial statements

As at 31 December 2019, the Group had deferred tax assets of Baht 201 million, of which Baht 43 million related to those recognised from cumulative tax losses carried forward by the Company and the subsidiaries. During the year, a subsidiary utilised benefits from the tax losses accumulating to 13 Baht.

The Group has recognised their deferred tax assets from cumulative tax losses carried forward to the extent that it's probable that future taxable profits would allow use of the cumulative tax losses. Management prepared financial projections which included future taxable profit using the deferred tax assets from the cumulative tax losses carried forward. In this instance, key assumptions about the revenue growth rate and future taxable profit significantly impact these projections.

I focussed 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.

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:

- assessing the available cumulative tax losses carried forward by testing 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.
- evaluating and challenging management's judgement and assumptions applied in the Group's profit forecasts in the five-year business plan. During the five-year period, the Group can use accumulated tax loss by considering the probability of future profit growth resulting from revenue growth. This also includes comparing revenue growth in the business plan to economic and industry forecast.
- testing the reasonableness of the Group's past profit estimates and whether using the tax loss benefits is in line with the Group's actual profit.

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.

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
 20 February 2020

RS Public Company Limited
Statement of Financial Position
As at 31 December 2019

	Notes	Consolidated financial statements		Separate financial statements	
		31 December	31 December	31 December	31 December
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	6	328,409,093	339,639,957	104,285,400	168,511,981
Trade and others accounts receivable (net)	7	544,834,568	553,168,390	590,093,380	611,655,348
Short-term loans to related companies (net)	32 d)	-	-	1,006,700,000	881,700,000
Inventories (net)	8	258,795,418	284,785,668	4,147,152	11,956,542
Value added tax	21	8,610,259	3,816,152	-	-
Other current assets (net)	9	4,593,844	4,933,691	1,817,844	528,592
Total current assets		1,145,243,182	1,186,343,858	1,707,043,776	1,674,352,463
Non-current assets					
Investments in subsidiaries (net)	10	-	-	532,444,152	534,507,003
Investments in an associated company (net)	11	3,992,546	3,991,133	-	-
Plant and equipment (net)	12	503,783,449	331,535,298	409,046,698	292,850,997
License for operation right in spectrum of digital television (net)	13	670,748,615	1,395,738,282	-	-
Intangible assets (net)	14	702,789,651	720,149,700	111,070,961	117,423,678
Prepaid expense - non-current		696,666	9,030,000	-	-
Withholding tax (net)	15	165,615,539	180,089,907	59,836,570	115,677,411
Deferred tax assets (net)	16	200,796,413	231,609,431	92,623,154	118,755,960
Other non-current assets (net)	17	13,095,597	14,839,736	11,274,899	14,629,038
Total non-current assets		2,261,518,476	2,886,983,487	1,216,296,434	1,193,844,087
Total assets		3,406,761,658	4,073,327,345	2,923,340,210	2,868,196,550

RS Public Company Limited
Statement of Financial Position
As at 31 December 2019

		Consolidated financial statements		Separate financial statements	
		31 December	31 December	31 December	31 December
	Notes	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Liabilities and equity					
Current liabilities					
Trade and other accounts payable	18	651,166,696	733,203,437	242,054,856	256,246,002
Current portion of liability under finance lease agreements (net)	19	6,729,866	11,070,866	6,729,866	11,070,866
Current portion of payable for cost of license for operation right in spectrum of digital television (net)	13	-	4,072,392	-	-
Short-term loans from financial institutions	20	450,000,000	240,000,000	320,000,000	240,000,000
Short-term loans from related companies	32 e)	-	-	97,027,125	208,027,125
Current portion of payable for long-term loans from financial institutions	22	80,000,000	80,000,000	-	-
Value added tax	21	34,996,464	39,369,040	32,968,814	39,269,571
Accrued income tax		30,660,198	28,982,918	26,712,960	-
Withholding tax payable		12,095,248	9,242,313	3,831,171	5,080,334
Total current liabilities		1,265,648,472	1,145,940,966	729,324,792	759,693,898
Non-current liabilities					
Liabilities under finance lease agreements (net)	19	2,580,565	6,617,037	2,580,565	6,617,037
Long-term loans from financial institution	22	236,085,000	316,085,000	-	-
Payable for cost of license for operation right in spectrum of digital television (net)	13	-	826,556,413	-	-
Employee benefit obligations	23	163,964,704	99,545,179	105,976,538	78,422,968
Other non-current liabilities		11,460,459	6,249,237	6,413,098	777,874
Total non-current liabilities		414,090,728	1,255,052,866	114,970,201	85,817,879
Total liabilities		1,679,739,200	2,400,993,832	844,294,993	845,511,777

RS Public Company Limited
Statement of Financial Position
As at 31 December 2019

	Notes	Consolidated financial statements		Separate financial statements	
		31 December	31 December	31 December	31 December
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)					
Equity					
Share capital					
Authorised share capital	24.1				
1,161,997,216 ordinary shares					
of par Baht 1 each		1,161,997,216		1,161,997,216	
Authorised share capital					
1,203,270,516 ordinary shares					
of par Baht 1 each			1,203,270,516		1,203,270,516
Issued and fully paid-up share capital					
972,495,202 ordinary shares					
of par Baht 1 each		972,495,202		972,495,202	
1,010,149,192 ordinary shares					
of par Baht 1 each			1,010,149,192		1,010,149,192
Premium on share capital	24.1	322,087,270	258,257,595	322,087,270	258,257,595
Treasury shares	24.5	-	(465,274,840)	-	(465,274,840)
Retained earnings					
Appropriated - legal reserve		120,327,052	120,327,052	120,327,052	120,327,052
Appropriated - treasury share reserve		-	465,274,840	-	465,274,840
Unappropriated		309,980,034	282,483,158	664,135,693	633,950,934
Equity attributable to owners of the parent		1,724,889,558	1,671,216,997	2,079,045,217	2,022,684,773
Non-controlling interests		2,132,900	1,116,516	-	-
Total equity		1,727,022,458	1,672,333,513	2,079,045,217	2,022,684,773
Total liabilities and equity		3,406,761,658	4,073,327,345	2,923,340,210	2,868,196,550

RS Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2019

	Notes	Consolidated financial statements		Separate financial statements	
		2019 Baht	2018 Baht	2019 Baht	2018 Baht
Revenue					
Revenue from sales		2,012,441,388	2,129,659,415	27,670,300	8,072,557
Revenue from services		1,598,699,374	1,697,021,676	889,175,624	851,574,716
Total revenue and services income		3,611,140,762	3,826,681,091	916,845,924	859,647,273
Cost of sales		(680,003,091)	(712,253,980)	(17,604,101)	(5,366,136)
Cost of services		(1,339,959,121)	(1,493,023,063)	(403,173,880)	(549,061,928)
Total cost of sales and services		(2,019,962,212)	(2,205,277,043)	(420,777,981)	(554,428,064)
Gross profit		1,591,178,550	1,621,404,048	496,067,943	305,219,209
Other income	26	10,719,894	33,749,627	463,545,028	680,208,582
Profit before expenses		1,601,898,444	1,655,153,675	959,612,971	985,427,791
Selling expenses		(512,363,644)	(452,640,570)	(48,234,749)	(110,399,228)
Administrative expenses		(587,396,191)	(601,744,463)	(472,055,864)	(497,512,380)
Reversal of allowance for impairment on investments in subsidiaries and accrued interest income from subsidiaries		-	-	20,592,275	10,460,697
Other expenses	27	(5,660,463)	(3,173,862)	(4,779,773)	(10,977,857)
Finance costs	29	(34,631,659)	(68,339,595)	(7,984,452)	(11,231,273)
Gain from modification of payment term of license for operation right in spectrum of digital television	13	-	94,614,823	-	-
Profit (loss) before income tax		461,846,487	623,870,008	447,150,408	365,767,750
Income tax	30	(97,451,696)	(107,832,327)	(81,931,484)	(702,134)
Profit (loss) for the year		364,394,791	516,037,681	365,218,924	365,065,616
Other comprehensive income:					
Item that will not be reclassified to profit or loss					
Remeasurements of post employment benefit obligations	23	(22,123,651)	-	(11,042,823)	-
Income tax on items that will not be reclassified		4,424,730	-	2,208,565	-
Other comprehensive income for the year, net of tax		(17,698,921)	-	(8,834,258)	-
Total comprehensive income for the year		346,695,870	516,037,681	356,384,666	365,065,616

RS Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2019

	Notes	Consolidated financial statements		Separate financial statements	
		2019 Baht	2018 Baht	2019 Baht	2018 Baht
Profit (loss) attributable to:					
Owners of the parent		363,343,967	516,039,530	365,218,924	365,065,616
Non - controlling interests		1,050,824	(1,849)	-	-
		<u>364,394,791</u>	<u>516,037,681</u>	<u>365,218,924</u>	<u>365,065,616</u>
Total comprehensive income attributable to:					
Owners of the parent		345,645,046	516,039,530	356,384,666	365,065,616
Non - controlling interests		1,050,824	(1,849)	-	-
		<u>346,695,870</u>	<u>516,037,681</u>	<u>356,384,666</u>	<u>365,065,616</u>
Earning (loss) per share for profit attributable to the equity holders of the parent					
Basic earning (loss) per share (Baht)	31.1	<u>0.3744</u>	<u>0.5337</u>	<u>0.3763</u>	<u>0.3776</u>
Diluted earning (loss) per share (Baht)	31.2	<u>0.3583</u>	<u>0.4924</u>	<u>0.3602</u>	<u>0.3484</u>

RS Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2019

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			Total owners of the parent	Non- controlling interests	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	15,517,712	1,396,873,940	5,183,849	1,402,057,789
Changes in equity for the year										
Increase in share capital	24.2	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	25	-	-	-	-	-	(241,718,973)	(241,718,973)	(3,151)	(241,722,124)
Other comprehensive income - 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
Closing balance as at 31 December 2018		1,010,149,192	258,257,595	(465,274,840)	120,327,052	465,274,840	282,483,158	1,671,216,997	1,116,516	1,672,333,513

RS Public Company Limited
Statement of Changes in Equity (Cont'd)
For the year ended 31 December 2019

Consolidated financial statements (Baht)										
For the year ended 31 December 2019										
	Notes	Attributable to owners of the parent								
		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 2019		1,010,149,192	258,257,595	(465,274,840)	120,327,052	465,274,840	282,483,158	1,671,216,997	1,116,516	1,672,333,513
The effect of change in accounting policy	2.2.1	-	-	-	-	-	25,850,904	25,850,904	-	25,850,904
Closing in equity for the period		1,010,149,192	258,257,595	(465,274,840)	120,327,052	465,274,840	308,334,062	1,697,067,901	1,116,516	1,698,184,417
Changes in equity for the year										
Increase in share capital	24.2	5,619,310	64,429,859	-	-	-	-	70,049,169	-	70,049,169
Decrease in share capital from decreasing in treasury share	24.5	(43,273,300)	(600,184)	465,274,840	-	(421,401,356)	-	-	-	-
Treasury shares reserve	24.5	-	-	-	-	(43,873,484)	43,873,484	-	-	-
Dividends payment	25	-	-	-	-	-	(387,872,558)	(387,872,558)	(34,440)	(387,906,998)
Other comprehensive income - remeasurement of post employment benefit obligations, net of tax		-	-	-	-	-	(17,698,921)	(17,698,921)	-	(17,698,921)
Net profit for the year		-	-	-	-	-	363,343,967	363,343,967	1,050,824	364,394,791
Closing balance as at 31 December 2019		972,495,202	322,087,270	-	120,327,052	-	309,980,034	1,724,889,558	2,132,900	1,727,022,458

Opening balance as at 1 January 2019

The effect of change in accounting policy

Closing in equity for the period

Changes in equity for the year

Increase in share capital

Decrease in share capital from decreasing

in treasury share

Treasury shares reserve

Dividends payment

Other comprehensive income - remeasurement of post
employment benefit obligations, net of tax

Net profit for the year

Closing balance as at 31 December 2019

RS Public Company Limited
Statement of Changes in Equity (Cont'd)
For the year ended 31 December 2019

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								
Increase in share capital	24.2	1,800	20,700	-	-	-	-	22,500
Legal reserve		-	-	-	7,355,111	-	(7,355,111)	-
Dividend paid	25	-	-	-	-	-	(241,718,973)	(241,718,973)
Other comprehensive income - 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 Changes in Equity (Cont'd)
For the year ended 31 December 2019

Separate financial statements (Baht)								
For the year ended 31 December 2019								
Notes	Authorised, issued and fully paid-up share capital	Share premium	Treasury shares	Retained earnings			Unappropriated	Total
				Appropriated		Treasury shares reserve		
				Legal reserve				
	1,010,149,192	258,257,595	(465,274,840)	120,327,052	465,274,840		633,950,934	2,022,684,773
2.2.1	-	-	-	-	-		17,799,167	17,799,167
	1,010,149,192	258,257,595	(465,274,840)	120,327,052	465,274,840		651,750,101	2,040,483,940
	5,619,310	64,429,859	-	-	-		-	70,049,169
	(43,273,300)	(600,184)	465,274,840	-	(421,401,356)		-	-
	-	-	-	-	(43,873,484)		43,873,484	-
	-	-	-	-	-		(387,872,558)	(387,872,558)
	-	-	-	-	-		(8,834,258)	(8,834,258)
	-	-	-	-	-		365,218,924	365,218,924
	972,495,202	322,087,270	-	120,327,052	-		664,135,693	2,079,045,217

RS Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2019

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Cash flows from operating activities					
Profit (loss) before income tax		461,846,487	623,870,008	447,150,408	365,767,750
Adjustments:					
Depreciation and amortisation	12, 13, 14, 28	568,584,108	591,459,708	105,035,628	147,051,541
Amortisation for prepaid expense		8,333,334	18,053,333	-	
(Reversed) allowance for doubtful accounts	7	(5,276,265)	(15,332,768)	(3,321,929)	(746,734)
(Reversed) allowance for obsolete inventories	8	5,996,985	16,624,104	-	-
Allowance for impairment - intangible assets	14	8,095,733	11,026,990	8,095,733	11,026,990
(Reversal of) allowance for impairment - other current assets and other non-current assets		(388,600)	(74,488)	(388,600)	(74,488)
(Reversal of) allowance for impairment - investment in an associated company	11	(1,413)	(2,138)	-	-
(Reversal of) allowance for impairments - investments in subsidiaries	10	-	-	(1,837,149)	(11,105,642)
Loss from liquidation of subsidiaries *, **	10	-	2,453	-	10,452,343
Gain from decrease in share capital of subsidiary		-	-	(14,850,000)	-
Loss on write-off plant and equipment and intangible assets		821,198	2	146	2
(Gain) loss on disposal of plant and equipment and intangible assets	26	8,377	818,508	(329,429)	732,070
Employee benefit obligations	23	42,550,274	3,603,773	27,595,243	5,621,430
Dividend income	26	-	-	(45,419,936)	(268,171,848)
Interest income		(1,195,205)	(1,071,311)	(30,058,081)	(35,230,160)
Finance costs - interest expense	29	34,631,659	68,339,595	7,984,452	11,231,273
Gain from modification of payment term of license for operation right in spectrum of digital television		-	(94,614,823)	-	-
		1,124,006,672	1,222,702,946	499,656,486	236,554,527
Changes in working capital					
Trade and other accounts receivable *, **		22,242,405	58,346,414	31,289,595	(149,441,631)
Inventories		19,993,265	14,225,639	7,809,390	(9,310,161)
Value added tax		(9,166,683)	30,630,803	(6,300,757)	18,655,006
Other current assets		379,847	(2,583,327)	(1,249,252)	166,251
Other non-current assets		2,092,739	19,066,002	3,702,739	15,920,002
Trade and other accounts payable		(81,752,683)	(70,873,456)	(39,998,650)	14,903,577
Withholding tax payable		2,852,935	(848,776)	(1,249,163)	(465,715)
Other non-current liabilities		5,211,222	(4,818,350)	5,635,224	(102,000)
Payment for retirement for employee		(254,400)	(193,250)	(254,400)	-
Cash generated from operating activities					
before income tax paid		1,085,605,319	1,265,654,645	499,041,212	126,879,856
Withholding tax refunded	15	56,590,674	31,802,191	55,788,282	-
Income tax paid		(109,115,700)	(136,482,723)	(31,274,386)	(25,664,376)
Net cash generated from operating activities		1,033,080,293	1,160,974,113	523,555,108	101,215,480

RS Public Company Limited
Statement of Cash Flows (Cont'd)
For the year ended 31 December 2019

		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
	Notes	Baht	Baht	Baht	Baht
Cash flows from investing activities					
Interest income received		1,194,856	1,071,311	32,284,352	34,791,355
Increase in short-term loans to related companies	32 d)	-	-	(335,000,000)	(553,500,000)
Receipts from short-term loans to related companies	32 d)	-	-	210,000,000	513,500,000
Receipts from decrease in share capital of subsidiary		-	-	18,750,000	-
Receipts (receivable) from subsidiaries liquidation *, **		-	22,055,550	-	22,055,550
Receipts from dividend income		-	-	45,419,936	268,171,848
Purchases of property, plant and equipment		(230,463,298)	(44,768,802)	(166,908,621)	(26,579,470)
Proceeds from disposals of property, plant and equipment and intangible asset		177,570	4,640,934	1,902,441	4,997,292
Purchases of intangible assets		(386,135,436)	(501,376,770)	(25,242,911)	(74,925,256)
Net cash receipts (payments) from investing activities		(615,226,308)	(518,377,777)	(218,794,803)	188,511,319
Cash flows from financing activities					
Interest expense paid		(21,927,333)	(29,981,873)	(8,363,810)	(9,113,101)
Payments on liability under finance lease agreements		(11,799,687)	(12,873,713)	(11,799,687)	(12,873,713)
Proceeds from short-term loans from financial institutions		1,150,000,000	930,000,000	920,000,000	930,000,000
Payments on short-term loans from financial institutions		(940,000,000)	(903,000,000)	(840,000,000)	(903,000,000)
Payments from long-term loans from financial institutions		(80,000,000)	(270,000,000)	-	-
Payment of license for operation right in spectrum of digital television		(207,500,000)	(6,225,000)	-	-
Proceeds from short-term loans from related companies	32 e)	-	-	154,027,125	385,500,000
Payments on short-term loans from related companies	32 e)	-	-	(265,027,125)	(299,300,000)
Dividend paid	25	(387,872,558)	(241,718,973)	(387,872,558)	(241,718,973)
Decrease in non-controlling interests from dividend payment		(34,440)	(3,151)	-	-
Proceeds from capital increase		70,049,169	22,500	70,049,169	22,500
Net cash payments from financing activities		(429,084,849)	(533,780,210)	(368,986,886)	(150,483,287)
Net increase in cash and cash equivalents					
Cash and cash equivalents, opening balance		339,639,957	230,823,831	168,511,981	29,268,469
Cash and cash equivalents, closing balance		328,409,093	339,639,957	104,285,400	168,511,981

RS Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2019

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Non-cash transactions and additional information:					
Write-off trade and other accounts receivable and allowance for doubtful accounts - trade and other accounts receivable		35,791,043	-	34,431,502	-
Write-off accrued interest income and allowance for doubtful accounts - accrued interest income		-	-	1,097,234	-
Write-off short-term loans to related companies and allowance for doubtful short-term loans to related companies		-	-	2,340,000	-
Write-off other non-current assets and allowance of other non-current assets		3,737,277	5,400,000	3,737,277	-
Outstanding payables as at 31 December arising from purchases of property, plant and equipment during the year		47,915,677	7,439,913	39,265,320	6,682,995
Outstanding payables as at 31 December arising from purchases of intangible assets during the year		46,909,204	63,451,817	727,600	3,583,858
Payable as at 31 December arising from purchase of property, plant and equipment under finance lease agreement during the year		2,669,904	-	2,669,904	-
Accrued dividend		24,525	-	-	-
Write-off withholding tax and allowance for doubtful in recoverable of withholding tax		188,810	927,856	-	1,094
The effect of change in accounting policy of accrued income		8,631,969	-	8,631,969	-
The effect of change in accounting policy of unearned revenue		23,681,661	-	13,616,990	-
Reversal from waived the installments license for operating right in spectrum of digital television		635,616,368	-	-	-
Employee benefit transfer between the Group		-	-	10,830,096	-
Reverse treasury shares reverse from decrease in share capital		43,873,484	-	43,873,484	-

* This transaction included the change from dissolution of RS In-Store Media Co., Ltd. which removed this company as subsidiary since 19 September 2018 (Note 10).

** This transaction included the change from dissolution of Blufairy Co., Ltd., Very Well Co., Ltd. and Aladdin House Co., Ltd. which removed this company as subsidiaries since 28 September 2018 (Note 10).

Management Discussion and Analysis

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 Commerce business, Media business, and Music & Other businesses, per the schedule.

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

1. Summary of 2019 Performance

The overall Thai economy throughout 2019 remained under pressure from various factors both from inside and outside the country. Issues such as trade war problems and the appreciation of the baht affected economic growth, which impacted exports and slowed private consumption. Declining household income and employment, especially in terms of production of goods for export, coupled with the high level of household debt dampened both private consumption and spending as a whole.

The consolidated financial statements of the Company for the year ended December 31, 2019 show net profit attributable to the parent company in the amount of 363.3 million baht, compared to 516.0 million baht in 2018, which decreased by 152.7 million baht or 29.6 percent.

However, excluding an extraordinary gain from the adjustment of the digital television operating license (“license”) payment before tax in the amount of 94.6 million baht (or after tax in the amount of 75.7 million baht) for 2018, there would be net profit from operating activities in 2018 of 440.3 million baht; compared to net profit of 363.3 million baht in 2019, this is a decrease of only 77.0 million baht or 17.5 percent.

Revenue from commerce business was slightly decreased y-o-y due to the slow economy. This impacted consumers, delaying their decision to purchase products, but the revenue from outbound customers on database continue to grow. Revenue from the media business also decreased driven by the situation of the overall industry, which did not see any growth. However, the music and concert business increased its revenue in the 3rd and 4th quarters. The Company’s gross profit margin was improved to 44.1 percent, compared to 42.4 percent in 2018, attributable by the performance of the music and other businesses that have a higher profitability rate. In addition, Channel 8 benefitted from the reduction of the total cost of the license, per the order of the Chief of the National Council for Peace and Order No. 4/2562 dated April 11, 2019 that waived the last 2 installments of the license fee.

Unit: million baht	Year 2018		Year 2019		Change	
	amount	%	amount	%	amount	(y-y)
Revenue from sales and services	3,826.7	100.0%	3,611.1	100.0%	-215.5	-5.6%
<i>Commerce business</i>	2,126.8	55.6%	2,012.4	55.7%	-114.4	-5.4%
<i>Media business</i>	1,344.7	35.1%	1,069.2	29.6%	-275.4	-20.5%
<i>Music & Other</i>	355.2	9.3%	529.5	14.7%	174.3	49.1%
Cost of sales and services	2,205.3	57.6%	2,020.0	55.9%	-185.3	-8.4%
Gross margin	1,621.4	42.4%	1,591.2	44.1%	-30.2	-1.9%
Selling and administrative expenses	1,054.4	27.6%	1,099.8	30.5%	45.4	4.3%
Operating profit	567.0	14.8%	491.4	13.6%	-75.6	-13.3%
Finance costs	68.3	1.8%	34.6	1.0%	-33.7	-49.3%
Net profit/(loss)	516.0	13.5%	363.3	10.1%	-152.7	-29.6%

Note: there was the extra item booked in Q2/2018 (before tax) equals 94.6 million baht.

• Revenue

Revenue from sales and services in 2019 recorded 3,611.0 million baht on a net basis which decreased from the previous year by 215.5 million baht or 5.6 percent. This can be explained according to the following business segments.

Revenue from Commerce Business

Revenue from commerce business consists of revenue from the selling of products under the company's own brand as well as products from partners. The items are sold through the Company's various channels, including digital TV, satellite TV, radio media, online and through retail stores throughout the country. In 2019, the Company collaborated with 2 leading digital TV channel partners to expand product distribution channels and another channel will start operations in February 2020.

Revenue from the commerce business in 2019 was 2,012.4 million baht, a decrease of 5.4 percent from 2018. This was the result of Thai economic slowdown, stemming from both inside and outside factors throughout 2019 which caused consumers to delay their purchasing decisions and thus affected the total revenue of the commerce business. However, based on the Company's continuously growing customer database that currently has more than 1.3 million customers, the Company has analyzed and developed methods of presenting products to meet the needs of each customer. This includes organizing marketing campaigns throughout the year, such as "Mid Year Super Sales" and "RS Mall New Year Celebration 2020", in order to encourage customers to buy more products.

Revenue from Media Business

Revenue from the media business of the Company was 1,069.2 million baht, falling 20.5 percent from 2018, which stood at 1,344.7 million baht. This was the result of a decline in business revenue of media sector, primarily due to intense competition.

Revenue from Television Media Business

Overall television industry in 2019, the advertising spending (ADEX) through digital TV, from a survey by AGB Nielsen Media Research (Thailand), was stable from the previous year, at the level of 68 billion baht. Also, the number of television viewers remained at the same level, at 8.9 percent as of December 2019, compared to 9.3 percent in December 2018 (out of a population of 65 million). However, the result reflected the growing intensity in price competition in the industry. The limited ad spending caused "Channel 8", the digital TV business of the Company, to experience a decline in performance.

The ratings of Channel 8 continuously improved throughout the second half of 2019, with the average rating of December 2019 for the viewers aged 15+ in 18 hours' period at 3.8 percent, compared to 3.2 percent as of June 2019, given the overall increase in popularity of the main programs, including 10 Thai dramas, 4-part Thai series under the name "The Series Lak Loung Lorn", and boxing programs including "8 Muay Thai Super Champ", with the added "Muay Hardcore" boxing show on Saturday.

From effective management of the entire group of companies, it has successfully managed all the media with 100% utilization by advertising and selling a wide variety of commerce business products of the entire group, continuously increasing the growth rate.

Revenue from Radio Media Business

Although the radio media industry is likely to shrink, however, with effective cost controls, the monetization of packages on all platforms to meet the needs of customers, and "COOLfahrenheit" remains popular at number 1 in the Easy Listening category, together with continuously organizing activities for listeners such as "COOL Outing", "Ink Eat All Around" and "COOL Music Fest". The Company's radio media business is still an effective tool for generating good profits.

Revenue from Music and Other Businesses

Most of revenue of the music business continues to come from an increase of online streaming, the bulk sales with large partners such as Facebook, Joox and AIS. Also, there was an adjustment of the music marketing strategy, resulting in effective cost management and the ability to generate more revenue thanks to the fact that artists are now able to plan the creation of their own content.

There were additional revenues and earnings from marketing events and concerts. In the 3rd and 4th quarters, the Company earned revenue of 89.6 million baht by organizing concerts, "Raptor Evolution 25 Years Mai Mee Krengjai" and "D2B Infinity Concert 2019". It helps to bolster the revenue for the music and other businesses resulting in the revenue from these businesses of 529.5 million baht, increased by 49.1 percent from 355.2 million baht in 2018.

• Cost of Sales and Services

Cost of sales and services in the amount of 2,020.0 million baht decreased by 185.3 million baht or 8.4 percent from the previous year which stood at 2,205.3 million baht. It declined in proportion to a decrease in commerce business revenue, effective cost management of media business and the reduction in the cost of Channel 8 from waiving the last 2 installments of the license fee.

• Gross Margin

The Company's gross profit in 2019 was 1,591.2 million baht, declining 1.9 percent from 2018's figure, which was 1,621.4 million baht. However, the gross profit margin increased by 44.1 percent compared to 42.4 percent in the previous year thanks to higher profitability in the music and other businesses.

- **Selling and Administrative Expenses, and Finance Costs**

Selling and administrative expenses of 1,099.8 million baht rose from the previous year by 45.4 million baht or 4.3 percent. This was mainly due to an increase in external media spending in accordance with distribution channel expansion of commerce business, higher outbound staff expenses and the increase of compensation for employee benefits totaling 20.1 million baht.

Finance costs of 34.6 million baht, decreased by 33.7 million baht or 49.3 percent. This was derived mainly from a decrease in interest expenses for long-term bank loans and a reduction of total future finance charge for license.

- **Net Profit**

Net profit attributable to the parent company was 363.3 million baht, compared to 516.0 million baht in 2018, which decreased by 152.7 million baht or 29.6 percent. However, excluding an extraordinary gain from the adjustment of the license payment before tax in the amount of 94.6 million baht (or after tax in the amount of 75.7 million baht) for 2018, there would be net profit from operating activities in 2018 of 440.3 million baht; compared to net profit of 363.3 million baht in 2019, this is a decrease of only 77.0 million baht or 17.5 percent.

2. Assets

- **Asset Components**

As of December 31, 2019, the Company had total assets of 3,406.8 million baht, comprised of 33.6% current assets and 66.4% non-current assets.

Unit: million baht	Year 2018		Year 2019		Change	
	amount	%	amount	%	amount	(y-y)
Current assets :						
Cash and cash equivalents	339.6	8.3%	328.4	9.6%	-11.2	-3.3%
Trade and others accounts receivable (net)	553.2	13.6%	544.8	16.0%	-8.4	-1.5%
Inventories (net)	284.8	7.0%	258.8	7.6%	-26.0	-9.1%
Other current assets (net)	8.7	0.2%	13.3	0.4%	4.6	52.9%
Total current assets	1,186.3	29.1%	1,145.3	33.6%	-41.0	-3.5%
Non-current assets :						
Plant and equipment (net)	331.5	8.1%	503.8	14.8%	172.3	52.0%
License for operation right in spectrum of digital television (net)	1,395.7	34.3%	670.7	19.7%	-725.0	-51.9%
Intangible assets (net)	720.1	17.7%	702.8	20.6%	-17.3	-2.4%
Other non-current assets (net)	439.7	10.8%	384.2	11.3%	-55.5	-12.6%
Total non-current assets	2,887.0	70.9%	2,261.5	66.4%	-625.5	-21.7%
Total assets	4,073.3	100.0%	3,406.8	100.0%	-666.5	-16.4%

As of December 31, 2019, the main assets consist of: 20.6 percent intangible assets (net); 19.7 percent License for operation right in spectrum of digital television (net); 16.0 percent trade and other account receivables (net); 14.8 percent Plant and equipment (net); 9.6% cash and cash equivalents; and 7.6% inventories (net).

Total assets as of December 31, 2019 amounted to 3,406.8 million baht, representing a decrease of 666.5 million baht or 16.4% from the previous year. The main reason for this is the decrease in digital TV licenses by 725.0 million baht or 51.9 percent, per the NCPO Chief's order No. 4/2562 on 11 April 2019 that waived the license fees for the last 2 installment periods. Meanwhile, Plant and equipment (net) increased by 172.3 million baht or 52.0 percent from investment in the expansion of call centers, goods warehouses, broadcasting equipment for the television stations, and the Company's new premises.

- **Quality of the Assets**

Trade Accounts Receivable – Others (net)

Trade accounts receivable classified by aging are as follows :

Unit : million baht	Year 2018		Year 2019		Change	
	amount	%	amount	%	amount	(y-y)
Current	324.3	64.2%	250.0	60.1%	-74.3	-22.9%
Less than 3 months	132.0	26.1%	151.5	36.4%	19.5	14.8%
3 – 6 months	3.1	0.6%	7.1	1.7%	4.0	129.0%
6 – 12 months	0.7	0.2%	-	-	-0.7	-100.0%
Over 12 months	44.9	8.9%	7.3	1.8%	-37.6	-83.7%
Total	505.0	100.0%	415.9	100.0%	-89.1	-17.6%
Less: Allowance for doubtful accounts	-42.4	-8.4%	-7.2	-1.7%	-35.2	-83.0%
Trade accounts receivable – others (net)	462.6	91.6%	408.7	98.3%	-53.9	-11.7%

Key Financial Ratios :

	Year 2018	Year 2019
Receivable turnover ratio (time)	7.18	7.84
Collection days (day)	51	47

As of December 31, 2019, the Company had trade accounts receivable - others (net) of 408.7 million baht, which decreased from last year by 53.9 million baht or 11.7 percent, due to the decrease of receivables from the media business group, which fluctuated with the decrease in income during the year. The Company has written-off the debtors that were sued, with judgements of bad debts from a tax standpoint. Said debtors have already been recorded in the allowance for doubtful accounts in accordance with the Company's policy. As such, this past year, the allowance for doubtful accounts decreased from the previous year by 35.2 million baht or 83.0%. The Company has a policy to assess and review the allowance for doubtful accounts regularly, to ensure that the remaining debt in the financial statements reflects the real or realizable value.

In addition, considering the age of the debtors, more than 90% of the debtors are not over 3 months overdue with their commitments, which is in accordance with the credit policy of an average of 2-3 months credit for customers of the media and other businesses and others. The commerce business is an exception; most customers have cash or credit of not exceeding 1 month, making the overall average debt collection period of the Company at 47 days in 2019, which is close to 2018's figure of 51 days.

Inventories (net)

Unit : million baht	Year 2018		Year 2019		Change	
	amount	%	amount	%	amount	(y-y)
Cost	312.3	100.0%	292.3	100.0%	-20.0	-6.4%
Less: Allowance for obsolete inventories	-27.5	-8.8%	-33.5	-11.5%	6.0	21.8%
Inventories (net)	284.8	91.2%	258.8	88.5%	-26.0	-9.1%

Key Financial Ratios :

	Year 2018	Year 2019
Inventory turnover ratio (time)	7.35	7.43
Average number of days sales (day)	50	49

As of December 31, 2019, inventories consisted of finished goods: 96.7 percent consumer products; and 3.3 percent works in process related to television programs, concerts and marketing activities and others. The total net value was 258.8 million baht, decreasing by 26.0 million baht or 9.1 percent from the previous year. This year, the Company recorded an increase in the allowance for obsolete products from the previous year for unsold products and stock that has been stored for a long time; this is according to the policy that requires the review of inventory value regularly in every accounting period, so that the value of inventories, as shown in the financial statements, is not lower than the net value to be realized. As a result, this year, the proportion of allowance for obsolete products is 11.5 percent, increasing from 8.8 percent in the previous year. At any rate, there are still plans for engaging in various marketing promotions so that all the products can be released from the stock.

License for operation right in spectrum of digital television (net)

Unit : million baht	Year 2018		Year 2019		Change	
	amount	%	amount	%	amount	(y-y)
Cash equivalent value (present value)	2,030.3	100.0%	1,394.7	100.0%	-635.6	-31.3%
Less: Accumulated amortisation	-634.6	-31.3%	-724.0	-51.9%	89.4	14.1%
Net book amount	1,395.7	68.7%	670.7	48.1%	-725.0	-51.9%

According to the order of the Head of the National Council for Peace and Order No. 4/2562 on Measures to Solve Television and Telecommunications Business Operations on 11 April 2019, the Office of the National Broadcasting and Telecommunications Commission must consider payment to or compensation for the license holder by waiving the final 2 license fee installments. As a result, the license, before deducting accumulated amortization as of December 31, 2019, has a net value of 1,394.7 million baht, a decrease of 635.6 million baht or 31.3 percent from the previous year. The amortization for 2019 was 89.4 million baht, a decrease of 45.9 million baht from the previous year (in 2018, it was 135.3 million baht). The net balance of the license value is thus 670.7 million baht, a decrease of 725.0 million baht or 51.9 percent from the previous year.

In addition, the Company has made future cash flow projections every year in order to assess the impairment of the use of the license. As of December 31, 2019, the Company has tested the impairment and found that the recoverable value is higher than the net book value; therefore, there is no impairment of the said license.

Intangible Assets (net)

Unit : million baht	Year 2018		Year 2019		Change	
	amount	%	amount	%	amount	(y-y)
Cost	2,747.1	100.0%	2,983.7	100.0%	236.6	8.6%
Less: Accumulated Amortisation	-1,666.4	-60.7%	-1,912.2	-64.1%	245.8	14.8%
Allowance for impairment	-360.6	-13.1%	-368.7	-12.3%	8.1	2.2%
Net book amount	720.1	26.2%	702.8	-23.6%	-17.3	-2.4%

As of December 31, 2019, intangible assets (net) comprise of: 78.7 percent drama copyrights; and 21.3 percent of music copyrights, computer programs and others. The total net worth was 702.8 million baht, a decrease of 17.3 million baht or 2.4 percent from the previous year due to the decrease of music copyrights, computer programs and others.

As of December 31, 2019, the Company has an allowance for impairment of 368.7 million baht, an increase of 8.1 million baht or 2.2 percent from the previous year. This was due to the recording of the allowance for impairment for music copyrights whose useful life is not known. The Company thus has no amortization of the benefits, but instead uses an impairment test. However, the Company has a policy to regularly review impairment for all types of intangible assets in every accounting period, to ensure that the intangible asset value shown in the financial statements are not less than the amount expected to be realized.

3. Capital Structure

Liabilities, Equity and Debt to Equity Ratio

Unit : million baht	Year 2018	Year 2019	Change	
			amount	(y-y)
Interest-bearing liabilities	653.7	775.4	121.7	18.6%
Payable for cost of license for operation right in spectrum of digital television (net)	830.6	-	-830.6	-100.0%
Other liabilities	916.7	904.3	-12.4	-1.4%
Total liabilities	2,401.0	1,679.7	-721.3	-30.0%
Equity attributable to owners of the parent	1,671.2	1,724.9	53.7	3.2%
Debt to equity ratio (time)	1.44	0.97		

As of December 31, 2019, the Company had total liabilities of 1,679.7 million baht, a decrease of 721.3 million baht or 30.0 percent. This was from the reduction in the cost of the television operating license in the total amount of 830.6 million baht from the NCPO Chief's order No. 4/2562 that waived the last 2 license fee installments. Interest-bearing liabilities increased by 121.7 million baht, mainly from short-term loans.

The Company has equity in the Parent Company as of December 31, 2019 in the amount of 1,724.9 million baht, an increase of 53.7 million baht from the previous year or 3.2 percent. This increase reflected the increase in profits during the year of 345.6 million baht as well as the receipt of additional capital from the exercise of the RS-W3 option in the the amount of 70.0 million baht, Meanwhile, the dividend payment during the year was 387.9 million baht.

In 2019, the ratio of debt to shareholders' equity is 0.97 times, down from 2018, which had a ratio of 1.44 times – mostly reflecting the reduction of the total debt from the television operating license.

4. Liquidity

• Cash Flow

Unit : million baht	Year 2018	Year 2019
Cash flow from operating activities	1,161.0	1,033.1
Cash flow from investing activities	-518.4	-615.2
Cash flow from financing activities	-533.8	-429.1
Net increase (decrease) in cash and cash equivalents	108.8	-11.2
Cash and cash equivalents, closing balance	339.6	328.4

As of December 31, 2019, the Company had cash and cash equivalents of 328.4 million baht. During the year, 11.2 million baht of net cash was used. There was also 615.2 million baht for investing activities: investment in drama content and series for television media, as well as investment in call center equipment and systems, warehouses, broadcasting equipment for the television stations, and the Company's new office. In addition, the net cash used in financing activities was 429.1 million baht from dividends, the

payment of the television operating license fees for the television business, and the repayment of long-term loans, as scheduled. Meanwhile, during the year, the Company's net cash flow from operating activities increased by 1,033.1 million baht, mainly from cash received from the sales of products from the commerce business.

- Key Liquidity Ratios

	Year 2018	Year 2019
Current Ratio (time)	1.04	0.90
Quick Ratio (time)	0.70	0.58
Collection days (day)	51	47
Average number of days sales (day)	50	49
Payment days (day)	48	48
Cash cycle (day)	53	48

As for the overview of 2019, the Company slightly decreased in liquidity from the previous year, as the Company increased short-term loans for investment in various equipment during the year. However, the Company's working capital management is more efficient. This year, the cash cycle of the company was at 48 days, decreasing from the previous year, which stood at 53 days.

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

RS is determined to use its "Entertainmerce" model to fully thrive and dominate the commerce business. This involves an element of entertainment combined with the presentation of diverse products to customers through all platforms, including television, radio, online and on-ground media; the latter refers to the organization of events and concerts to reach customers nationwide. In addition to launching the brand "RS Mall" on all channels, along with negotiating for new advertising and distribution partners, 2020 will be the year that focuses on creating online channels under the brand "COOL Shop" to align with the current behavior of consumers. This would start with the development of the "Coolism" Application, with over 2 million listeners per month, as well as the use of software to analyze existing customer data from the commerce business, which currently includes more than 1.3 million customers. Also, there would be the development of a telemarketing system to enable repeat customers and to develop a variety of products. By 2020, in addition to offering products to the consumer market, the Company will also expand to offer services such as travel.

"Channel 8" with the slogan "Everyone Can Watch Channel 8, Press Number 27", will enjoy the benefits from the cost reduction of the license, while the Company will receive full support for the digital television network service fee (Multiplexer or MUX) from June onwards. As for Channel 8's programs, both Thai dramas and Thai series have been well received and enjoy a continuously growing viewer base from 2019. A "Thai Fight" boxing program will also be launched to bolster the programming, helping to meet the goals of the No. 1 boxing channel. Channel 8 will offer diverse programs, including news and variety shows, and further serve as an important channel for the commerce business of the Company. From the great success of 2019, the Company plans to organize 5 main concerts in 2020 - they are expected to be an important part of generating both revenue and profit for the Company throughout the year.