**Mono Technology Public Company Limited and its subsidiaries**

**Notes to consolidated financial statements**

**For the year ended 31 December 2013**

**1. General information**

Mono Technology Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Mr. Pete Bodharamik is a major shareholder of the Company. The registered office of the Company is at 200 Jasmine International tower 16th Floor, Moo 4 Chaengwattana Road, Pakkred, Nonthaburi. The core businesses of the Company and its subsidiaries are as follows:

a) The media and content business consists of Mobile Value Added Service (MVAS), Internet business, publishing business and TV business

b) Entertainment business consists of music business and movie business

On 6 June 2013, the Stock Exchange of Thailand approved the listing of the Company’s ordinary shares, to begin trading from 6 June 2013.

**2. Basis for the preparation of financial statements**

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of the Company and the following subsidiary companies (“the subsidiaries”):

| Company’s name | Nature of business | Country of incorporation | Percentage of  shareholding | |
| --- | --- | --- | --- | --- |
|  |  |  | 2013 | 2012 |
|  |  |  | Percent | Percent |
| **Held by the Company** |  |  |  |  |
| Mono Generation Co., Ltd. | Production, distribution and service of entertainment contents, magazine and other books, including motion picture, music and other entertainment media | Thailand | 100 | 100 |
| Mono Travel Co., Ltd. | Service of offering hotel accommodations, tour package and air ticket, including production and service of contents | Thailand | 100 | 100 |
| Mono Production Co., Ltd. | Production, manufacturers, including service of entertainment contents | Thailand | 100 | 100 |
| Mono Info Systems Co., Ltd. | Production, manufacturers and providers software; Enterprise software and Digital content | Thailand | 100 | 100 |
| Mono Entertainment Co., Ltd. | Production, distribution and service of entertainment contents, including other entertainment media | Thailand | 100 | 100 |
| Mono Technology Korea Corporation | Provide information and entertainment content through several channels | Korea | 100 | 100 |
| PT Mono Technology Indonesia  (1% held by Mono Generation Co., Ltd.) | Provide information and entertainment content through several channels | Indonesia | 99 | 99 |
| Mono Technology Vietnam Co., Ltd. | Provide information and entertainment content through several channels | Vietnam | 100 | - |
| Mono Technology Hong Kong Ltd. | Provide information and entertainment content through several channels | Hong Kong | 100 | - |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Held by the subsidiaries** |  |  |  |  |
| Mono Film Co., Ltd.  (100% held by Mono Generation Co., Ltd.) | Production television program, film and other entertainment media, including service of contents. | Thailand | - | - |
| Mono TV Co., Ltd.  (100% held by Mono Production Co., Ltd.) | Broadcasting and television business | Thailand | - | - |
| Mono Broadcast Co., Ltd.  (100% held by Mono Production Co., Ltd.) | Broadcasting and television business | Thailand | - | - |

b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.

e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

**3. New accounting standards**

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

**(a) Accounting standards that became effective in the current accounting year**

|  |  |
| --- | --- |
| Accounting standards: | |
| TAS 12 | Income Taxes |
| TAS 20 (revised 2009) | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS 21 (revised 2009) | The Effects of Changes in Foreign Exchange Rates |
| Financial Reporting Standard: | |
| TFRS 8 | Operating Segments |
| Accounting Standard Interpretations: | |
| TSIC 10 | Government Assistance - No Specific Relation to Operating Activities |
| TSIC 21 | Income Taxes - Recovery of Revalued Non-Depreciable Assets |
| TSIC 25 | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders |
| Accounting Treatment Guidance for Transfers of Financial Assets | |

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements.

**(b) Accounting standards that will become effective in the future**

|  |  | Effective date |
| --- | --- | --- |
| Accounting Standards: | |  |
| TAS 1 (revised 2012) | Presentation of Financial Statements | 1 January 2014 |
| TAS 7 (revised 2012) | Statement of Cash Flows | 1 January 2014 |
| TAS 12 (revised 2012) | Income Taxes | 1 January 2014 |
| TAS 17 (revised 2012) | Leases | 1 January 2014 |
| TAS 18 (revised 2012) | Revenue | 1 January 2014 |
| TAS 19 (revised 2012) | Employee Benefits | 1 January 2014 |
| TAS 21 (revised 2012) | The Effects of Changes in Foreign Exchange Rates | 1 January 2014 |
| TAS 24 (revised 2012) | Related Party Disclosures | 1 January 2014 |
| TAS 28 (revised 2012) | Investments in Associates | 1 January 2014 |
| TAS 31 (revised 2012) | Interests in Joint Ventures | 1 January 2014 |
| TAS 34 (revised 2012) | Interim Financial Reporting | 1 January 2014 |
| TAS 36 (revised 2012) | Impairment of Assets | 1 January 2014 |
| TAS 38 (revised 2012) | Intangible Assets | 1 January 2014 |
| Financial Reporting Standards: | |  |
| TFRS 2 (revised 2012) | Share-based Payment | 1 January 2014 |
| TFRS 3 (revised 2012) | Business Combinations | 1 January 2014 |
| TFRS 4 | Insurance Contracts | 1 January 2016 |
| TFRS 5 (revised 2012) | Non-current Assets Held for Sale and Discontinued Operations | 1 January 2014 |
| TFRS 8 (revised 2012) | Operating Segments | 1 January 2014 |
| Accounting Standard Interpretations: | |  |
| TSIC 15 | Operating Leases - Incentives | 1 January 2014 |
| TSIC 27 | Evaluating the Substance of Transactions Involving the Legal Form of a Lease | 1 January 2014 |
| TSIC 29 | Service Concession Arrangements: Disclosures | 1 January 2014 |
| TSIC 32 | Intangible Assets - Web Site Costs | 1 January 2014 |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| Financial Reporting Standard Interpretations: | |  |
| TFRIC 1 | Changes in Existing Decommissioning, Restoration and Similar Liabilities | 1 January 2014 |
| TFRIC 4 | Determining whether an Arrangement contains a Lease | 1 January 2014 |
| TFRIC 5 | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds | 1 January 2014 |
| TFRIC 7 | Applying the Restatement Approach under TAS 29 *Financial Reporting in Hyperinflationary Economies* | 1 January 2014 |
| TFRIC 10 | Interim Financial Reporting and Impairment | 1 January 2014 |
| TFRIC 12 | Service Concession Arrangements | 1 January 2014 |
| TFRIC 13 | Customer Loyalty Programmes | 1 January 2014 |
| TFRIC 17 | Distributions of Non-cash Assets to Owners | 1 January 2014 |
| TFRIC 18 | Transfers of Assets from Customers | 1 January 2014 |

The management of the Company and its subsidiaries believes that these accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

**4. Significant accounting policies**

**4.1 Revenue recognition**

*Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

*Rendering of services*

Revenues from mobile value added service, advertising and other services relating to Internet business are recognised when services have been rendered taking into account the stage of completion.

*Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

*Dividends*

Dividends are recognised when the right to receive the dividends is established.

**4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less from acquisition date and not subject to withdrawal restrictions.

**4.3 Trade and other receivables**

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

**4.4 Inventories**

Compact discs, video compact discs, digital versatile discs and video clips are valued at the lower of cost (First-in, First-out method) and net realisable value.

Magazines and pocket books are valued at the lower of cost (Specific identification method) and net realisable value.

**4.5 Investments**

Investments in subsidiaries are accounted for in the separate financial statements are stated at cost net of allowance for impairment loss (if any). The weighted average method is used for computation of the cost of investments.

**4.6 Leasehold improvement and equipment/Depreciation**

Leasehold improvement and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of leasehold improvement and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Leasehold improvement - 3, 5, 10 years

Furniture, fixtures and office equipment - 3 - 5 years

Computer and equipment - 3 - 5 years

Motor vehicles - 5 years

Depreciation is charged to the income statement.

No depreciation is provided on assets under installation.

An item of leasehold improvement and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in the income statement when the asset is derecognised.

**4.7 Intangible assets**

Intangible assets are stated at cost less any accumulated amortisation and allowance for loss on impairment of assets (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

Useful lives

Films, music and video copyright 5 years or contract period

Other copyright 3, 5 years or contract period

Computer software 5, 10, 20 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

**4.8** **Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include individuals which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over the Company and its subsidiaries, key management personnel, directors, and officers with authority in the planning and direction of the Company and its subsidiaries’ operations.

**4.9 Long-term leases**

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset and the lease period.

Leases of building and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

**4.10 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company’s functional currency. Items of each entity included in the consolidated financial statements of each entity are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are charged to the income statement.

**4.11 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of intangible assets with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset’s fair value less costs to sell and its value in use, is less than the carrying amount.

**4.12 Employee benefits**

***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

***Post-employment benefits***

*Defined contribution plans*

The Company, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund’s assets are held in a separate trust fund and the Company and its subsidiaries’ contributions are recognised as expenses when incurred.

*Defined benefit plans*

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in the income statement.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

**4.13 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

**4.14 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

**Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

**Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

**5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

**Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

**Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

**Leasehold improvement and equipment/Depreciation**

In determining depreciation of leasehold improvement and equipment, the management is required to make estimates of the useful lives and residual values of leasehold improvement and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review leasehold improvement and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

**Intangible assets**

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

**Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

**Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

**6. Related party transactions**

The followings are relationships with enterprises and individuals that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

| Name of entities | Nature of relationship |
| --- | --- |
| Subsidiary companies | More than 50% shareholding by the Company |
| Jasmine Group | Common major shareholders and directors |
| Toyota PS Enterprise Co., Ltd. | Common directors |
| Green Star Environment Co., Ltd. | Common directors |
| Media Shaker Co., Ltd. | Common directors |

During the year, the Company and its subsidiaries had significant business transactions with related persons or parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and its subsidiaries and those related parties.

| (Unit: Million Baht) | | | |
| --- | --- | --- | --- |
|  | Consolidated financial statements | | Transfer Pricing Policy |
|  | 2013 | 2012 |  |
| Transactions with related companies |  |  |  |
| Sales and service income | 32 | 19 | Contract price |
| Other income | 2 | 1 | Contract price |
| Cost of sales and services | 2 | - | Contract price |
| Selling and servicing expenses | 1 | - | Contract price |
| Administrative expenses | 68 | 59 | Contract price |
| Purchases of equipment | 1 | 1 | Market price |

| (Unit: Million Baht) | | | |
| --- | --- | --- | --- |
|  | Separate financial statements | | Transfer Pricing Policy |
|  | 2013 | 2012 |  |
| Transactions with subsidiaries |  |  |  |
| (eliminated from the consolidated financial statements) | |  |  |
| Sales and service income | 4 | 1 | Contract price |
| Dividend income | 349 | 464 | According to the resolution of the subsidiaries’ meeting |
| Interest income | 2 | 1 | 3% per annum |
| Other income | 43 | 30 | Contract price |
| Cost of sales and services | 576 | 758 | Contract price |
| Selling and servicing expenses | 21 | 7 | Contract price |
| Administrative expenses | 3 | 4 | Contract price |
| Interest expenses | 1 | 2 | 3% per annum |
| Transactions with related companies |  |  |  |
| Sales and service income | 15 | 11 | Contract price |
| Cost of sales and services | 2 | - | Contract price |
| Selling and servicing expenses | 1 | - | Contract price |
| Administrative expenses | 57 | 55 | Contract price |
|  |  |  |  |

As at 31 December 2013 and 2012, the balances of accounts between the Company, its subsidiaries and those related parties were as follows:

|  | (Unit: Thousand Baht) | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2013 | 2012 | 2013 | 2012 |
| **Trade receivables - related parties (Note 7)** |  |  |  |  |
| Subsidiaries | - | - | 5,228 | 1,379 |
| (eliminated from the consolidated financial statements) |  |  |  |  |
| Related companies | 17,292 | 6,665 | 6,928 | 1,940 |
| Total trade receivables - related parties | 17,292 | 6,665 | 12,156 | 3,319 |
|  |  |  |  |  |
| **Other receivables - related parties (Note 7)** |  |  |  |  |
| Subsidiaries | - | - | 91,779 | 28,161 |
| (eliminated from the consolidated financial statements) |  |  |  |  |
| Related companies | 129 | 423 | - | - |
| Total other receivables - related parties | 129 | 423 | 91,779 | 28,161 |
|  |  |  |  |  |
| **Dividend receivables - related parties (Note 7)** |  |  |  |  |
| Subsidiaries | - | - | 83,197 | 118,596 |
| (eliminated from the consolidated financial statements) |  |  |  |  |
| Total dividend receivables - related parties | - | - | 83,197 | 118,596 |
|  |  |  |  |  |
| **Deposits and retentions - related parties** |  |  |  |  |
| Related companies | 7,625 | 5,016 | 5,204 | 5,016 |
| Total deposits and retentions - related parties | 7,625 | 5,016 | 5,204 | 5,016 |
|  |  |  |  |  |
| **Trade payables - related parties (Note 13)** |  |  |  |  |
| Subsidiaries | - | - | 77,760 | 189,774 |
| (eliminated from the consolidated financial statements) |  |  |  |  |
| Related companies | 2,767 | 7,989 | 2,767 | 7,989 |
| Total trade payables - related parties | 2,767 | 7,989 | 80,527 | 197,763 |
|  |  |  |  |  |
| **Other payables - related parties (Note 13)** |  |  |  |  |
| Subsidiaries | - | - | 5,155 | 10,074 |
| (eliminated from the consolidated financial statements) |  |  |  |  |
| Related companies | 13,827 | 16,937 | 7,605 | 16,016 |
| Total other payables - related parties | 13,827 | 16,937 | 12,760 | 26,090 |

Short-term loans to subsidiaries and short-term loan from subsidiary

As at 31 December 2013 and 2012, the balances of short-term loans to subsidiaries and short-term loan from subsidiary and the movements were as follows:

| (Unit: Thousand Baht) | | | | |
| --- | --- | --- | --- | --- |
|  | Separate financial statements | | | |
|  |  | During the year | |  |
|  | 2012 | Increase | Decrease | 2013 |
| **Short-term loans to subsidiaries**  Mono Generation Co., Ltd. | - | 70,000 | - | 70,000 |
| Mono Travel Co., Ltd. | 10,000 | 3,000 | - | 13,000 |
| Mono Production Co., Ltd. | - | 133,355 | (133,355) | - |
| Mono Entertainment Co., Ltd. | - | 55,000 | (55,000) | - |
| PT Mono Technology Indonesia | 8,895 | 538 | - | 9,433 |
| Mono Technology Korea Corporation  Mono Technology Vietnam Co., Ltd. | -  - | 9,786  3,295 | -  - | 9,786  3,295 |
|  | 18,895 | 274,974 | (188,355) | 105,514 |
| **Short-term loan from subsidiary** |  |  |  |  |
| Mono Generation Co., Ltd. | 73,000 | - | (73,000) | - |
|  | 73,000 | - | (73,000) | - |

Directors and management’s benefits

During the year ended 31 December 2013 and 2012, the Company and its subsidiaries had employee benefit expenses payable to their directors and management amounting to Baht 43 million (2012: Baht 45 million) and of the Company only amounting to Baht 27 million (2012: Baht 36 million).

**7. Trade and other receivables**

|  | (Unit: Thousand Baht) | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2013 | 2012 | 2013 | 2012 |
| Trade receivables - related parties (Note 6) | 17,292 | 6,665 | 12,156 | 3,319 |
| Trade receivables - unrelated parties | 181,648 | 239,534 | 147,340 | 217,327 |
| Accrued revenue | 156,579 | 129,394 | 144,109 | 127,731 |
| Dividend receivables - related parties (Note 6) | - | - | 83,197 | 118,596 |
| Other receivables - related parties (Note 6) | 129 | 423 | 91,779 | 28,161 |
| Other receivables - unrelated parties | 55,472 | 3,650 | 18,560 | 1,011 |
| Total | 411,120 | 379,666 | 497,141 | 496,145 |
| Less: Allowance for doubtful accounts | (7,743) | (7,098) | (3,452) | (3,089) |
| Trade and other receivables - net | 403,377 | 372,568 | 493,689 | 493,056 |

The outstanding balances of trade receivables as at 31 December 2013 and 2012, aged on the basis of due dates, are summarised below.

|  |  | | (Unit: Thousand Baht) | |
| --- | --- | --- | --- | --- |
| Age of receivables | Consolidated financial statements | | Separate financial statements | |
|  | 2013 | 2012 | 2013 | 2012 |
| **Trade receivables - related parties** |  |  |  |  |
| Not yet due | 2,928 | 200 | 1,700 | 535 |
| Past due |  |  |  |  |
| Up to 3 months | 12,564 | 6,224 | 6,273 | 1,992 |
| Longer than 3 - 6 months | 1,010 | 241 | 663 | 792 |
| Longer than 6 - 12 months | 490 | - | 2,578 | - |
| Longer than 12 months | 300 | - | 942 | - |
| Total trade receivables - related parties | 17,292 | 6,665 | 12,156 | 3,319 |
| **Trade receivables - unrelated parties** |  |  |  |  |
| Not yet due | 131,172 | 206,967 | 110,500 | 193,684 |
| Past due |  |  |  |  |
| Up to 3 months | 46,461 | 30,917 | 27,764 | 17,037 |
| Longer than 3 - 6 months | 6,098 | 4,544 | 3,973 | 1,989 |
| Longer than 6 - 12 months | 7,743 | 2,493 | 973 | 1,332 |
| Longer than 12 months | 9,998 | 8,162 | 4,130 | 3,285 |
|  | 201,472 | 253,083 | 147,340 | 217,327 |
| Less: Allowance for sales return | (19,824) | (13,549) | - | - |
|  | 181,648 | 239,534 | 147,340 | 217,327 |
| Less: Allowance for doubtful accounts | (7,743) | (7,098) | (3,452) | (3,089) |
| Total trade receivables - unrelated parties, net | 173,905 | 232,436 | 144,888 | 214,238 |
| Total trade receivables - net | 191,197 | 239,101 | 156,044 | 217,557 |

**8. Inventories**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | | | | |
|  | Consolidated financial statements | | | | | | |
|  | Cost | | | Reduce cost to net realisable value | | Inventories-net | |
|  | 2013 | 2012 | | 2013 | 2012 | 2013 | 2012 |
| Finished goods | 12,847 | 9,351 | | (7,029) | (4,478) | 5,818 | 4,873 |
| Work in process | 857 | 917 | | - | - | 857 | 917 |
| Total | 13,704 | 10,268 | | (7,029) | (4,478) | 6,675 | 5,790 |

**9. Investments in subsidiaries**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | | | |
|  | Separate financial statements | | | | | |
| Company’s name | Paid-up capital | | Cost | | Dividend received  during the year | |
|  | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Mono Generation Co., Ltd. | 132,000 | 132,000 | 52,010 | 52,010 | - | 38,280 |
| Mono Travel Co., Ltd. | 20,000 | 20,000 | 9,307 | 9,307 | - | 10,000 |
| Mono Info Systems Co., Ltd. | 8,000 | 8,000 | 8,000 | 8,000 | 348,787 | 415,984 |
| Mono Production Co., Ltd. | 320,000 | 5,000 | 320,000 | 5,000 | - | - |
| Mono Entertainment Co., Ltd. | 58,000 | 3,000 | 55,010 | 10 | - | - |
| PT Mono Technology Indonesia | 3,767 | 3,767 | 3,421 | 3,421 | - | - |
| Mono Technology Korea Corporation | 18,373 | 2,646 | 18,373 | 2,646 | - | - |
| Mono Technology Hong Kong Ltd. | 43 | - | 43 | - | - | - |
| Mono Technology Vietnam Co., Ltd. | 3,125 | - | 3,125 | - | - | - |
|  |  |  | 469,289 | 80,394 | 348,787 | 464,264 |

9.1 In August 2013, the Company invested in all ordinary shares, amounting to Baht 3 million, of Mono Technology Vietnam Co., Ltd. (100% paid-up share capital).

9.2 In September 2013, Mono Production Co., Ltd., a subsidiary, invested in all ordinary shares, 5,000,000 shares, of Mono TV Co., Ltd., at a price of Baht 10 per share (25% paid-up share capital), and invested in all 5,000,000 ordinary shares of Mono Broadcast Co., Ltd., at a price of Baht 10 per share (25% paid-up share capital).

9.3 In September 2013, the Board of Directors’ Meeting of Mono Production Co., Ltd., a subsidiary, approved to call up a further 75% of its registered capital, or a total of Baht 15 million. The Company’s shareholding in this subsidiary remained unchanged.

9.4 In October 2013, the Company invested in all ordinary shares, amounting to Baht 43,000, of Mono Technology Hong Kong Ltd. (0.04% paid-up share capital).

9.5 On 6 November 2013, a meeting of the Company’s Board of Directors approved the restructuring of shareholding for its subsidiaries. The details are as follows:

1) Approved to acquire all of the additional ordinary shares of Mono Entertainment Co., Ltd., a subsidiary, amounting to Baht 55 million. In addition, the Company’s Board of Directors resolved to reduce the subsidiary’s registered and paid-up share capital amounting to Baht 20 million, in order to write-off retained losses. The subsidiary registered the decrease in share capital with the minister of commerce on 27 January 2014. The Company’s shareholding in this subsidiary remained unchanged.

2) Approved to acquire all of the additional ordinary shares of Mono Production Co., Ltd. and Mono Technology Korea Corporation, amounting to Baht 300 million and Baht 16 million, respectively. The Company’s shareholding in these subsidiaries remained unchanged.

**10. Leasehold improvement and equipment**

|  | (Unit: Thousand Baht) | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | | |
|  | Leasehold improvement | Furniture, fixtures and office equipment | Computer and equipment | Motor vehicles | Assets under installation | Total | |
| **Cost** |  |  |  |  |  |  | |
| 1 January 2012 | 24,233 | 43,460 | 103,555 | 14,903 | 4,665 | 190,816 | |
| Additions | 4,645 | 9,653 | 22,124 | 4,577 | 17,138 | 58,137 | |
| Disposals/write off | (8,596) | (6,395) | (4,547) | (1,519) | - | (21,057) | |
| Transfer in (out) | 15,356 | 4,889 | - | - | (20,245) | - | |
| 31 December 2012 | 35,638 | 51,607 | 121,132 | 17,961 | 1,558 | 227,896 | |
| Additions | 3,104 | 11,020 | 38,611 | 1,012 | 11,103 | 64,850 | |
| Disposals/write off | - | (104) | (123) | (411) | - | (638) | |
| Transfer in (out) | 4,866 | 81 | (71) | - | (4,876) | - | |
| 31 December 2013 | 43,608 | 62,604 | 159,549 | 18,562 | 7,785 | 292,108 | |
| **Accumulated depreciation:** |  |  |  |  |  |  | |
| 1 January 2012 | 12,107 | 19,926 | 56,932 | 6,083 | - | 95,048 | |
| Depreciation for the year | 2,703 | 8,322 | 15,792 | 2,380 | - | 29,197 | |
| Depreciation on disposals | (8,211) | (6,351) | (4,471) | (1,519) | - | (20,552) | |
| 31 December 2012 | 6,599 | 21,897 | 68,253 | 6,944 | - | 103,693 | |
| Depreciation for the year | 4,031 | 9,359 | 20,780 | 2,546 | - | 36,716 | |
| Depreciation on disposals | - | (112) | (112) | (411) | - | (635) | |
| 31 December 2013 | 10,630 | 31,144 | 88,921 | 9,079 | - | 139,774 | |
| **Net book value:** |  |  |  |  |  |  | |
| 31 December 2012 | 29,039 | 29,710 | 52,879 | 11,017 | 1,558 | 124,203 | |
| 31 December 2013 | 32,978 | 31,460 | 70,628 | 9,483 | 7,785 | 152,334 | |
| **Depreciation for the year** | | | | | | | |
| 2012 (Baht 19,784 thousand included in cost of services, and the balance in administrative expenses) | | | | | | | 29,197 |
| 2013 (Baht 24,076 thousand included in cost of services, and the balance in administrative expenses) | | | | | | | 36,716 |

|  | (Unit: Thousand Baht) | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Separate financial statements | | | | | | |
|  | Leasehold improvement | Furniture, fixtures and office equipment | Computer and equipment | Motor vehicles | Assets under installation | Total | |
| **Cost** |  |  |  |  |  |  | |
| 1 January 2012 | 10,424 | 12,570 | 73,994 | 5,835 | 4,665 | 107,488 | |
| Additions | 4,497 | 6,137 | 5,628 | 839 | 17,138 | 34,239 | |
| Disposals/write off | (923) | (2,077) | (3,187) | (683) | - | (6,870) | |
| Transfer in (out) | 15,356 | 4,889 | - | - | (20,245) | - | |
| 31 December 2012 | 29,354 | 21,519 | 76,435 | 5,991 | 1,558 | 134,857 | |
| Additions | 740 | 2,483 | 6,211 | - | 5,474 | 14,908 | |
| Disposals/write off | - | (799) | (678) | - | - | (1,477) | |
| Transfer in (out) | 4,866 | 9 | - | - | (4,875) | - | |
| 31 December 2013 | 34,960 | 23,212 | 81,968 | 5,991 | 2,157 | 148,288 | |
| **Accumulated depreciation:** | | | | | | | |
| 1 January 2012 | 1,751 | 3,695 | 38,544 | 727 | - | 44,717 | |
| Depreciation for the year | 2,243 | 3,665 | 10,912 | 900 | - | 17,720 | |
| Depreciation on disposals | (554) | (873) | (960) | (519) | - | (2,906) | |
| 31 December 2012 | 3,440 | 6,487 | 48,496 | 1,108 | - | 59,531 | |
| Depreciation for the year | 3,434 | 4,201 | 11,013 | 918 | - | 19,566 | |
| Depreciation on disposals | - | (334) | (446) | - | - | (780) | |
| 31 December 2013 | 6,874 | 10,354 | 59,063 | 2,026 | - | 78,317 | |
| **Net book value:** |  |  |  |  |  |  | |
| 31 December 2012 | 25,914 | 15,032 | 27,939 | 4,883 | 1,558 | 75,326 | |
| 31 December 2013 | 28,086 | 12,858 | 22,905 | 3,965 | 2,157 | 69,971 | |
| **Depreciation for the year** | | | | | | | |
| 2012 (Baht 11,137 thousand included in cost of services, and the balance in administrative expenses) | | | | | | | 17,720 |
| 2013 (Baht 10,186 thousand included in cost of services, and the balance in administrative expenses) | | | | | | | 19,566 |

As at 31 December 2013, certain equipment items of the Company and its subsidiaries had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 49 million (2012: Baht 30 million) and of the Company only amounting to Baht 19 million (2012: Baht 13 million).

As at 31 December 2013, the Company and its subsidiaries had vehicles and equipment under finance lease agreements with net book values amounting to Baht 44 million (2012: Baht 45 million) and of the Company only amounting to Baht 12 million (2012: Baht 23 million).

**11. Intangible assets**

|  | (Unit: Thousand Baht) | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | | |
|  | Website copyright | Films, music and video copyright | Other copyright | Computer software | Work in process | | Total |
| **Cost** |  |  |  |  |  | |  |
| 1 January 2012 | 70,645 | 18,851 | - | 11,590 | 22,075 | | 123,161 |
| Additions | - | 12,679 | - | 697 | 8,398 | | 21,774 |
| Disposals/write off | - | (7,649) | - | (66) | (5,937) | | (13,652) |
| Transfer in (out) | - | 20,324 | - | - | (20,324) | | - |
| 31 December 2012 | 70,645 | 44,205 | - | 12,221 | 4,212 | | 131,283 |
| Additions | - | 9,983 | 16,449 | 280 | 223,737 | | 250,449 |
| Disposals/write off | - | (1,151) | - | - | (2,356) | | (3,507) |
| Transfer in (out) | - | 85,049 | 5,790 | - | (90,839) | | - |
| 31 December 2013 | 70,645 | 138,086 | 22,239 | 12,501 | 134,754 | | 378,225 |
| **Accumulated amortisation :** | | | | | | | |
| 1 January 2012 | 20,029 | 1,510 | - | 6,868 | - | | 28,407 |
| Amortisation for the year | - | 6,165 | - | 838 | - | | 7,003 |
| Amortisation on disposals | - | (3,059) | - | (63) | - | | (3,122) |
| 31 December 2012 | 20,029 | 4,616 | - | 7,643 | - | | 32,288 |
| Amortisation for the year | - | 20,518 | 1,276 | 917 | - | | 22,711 |
| Amortisation on disposals | - | (19) | - | - | - | | (19) |
| 31 December 2013 | 20,029 | 25,115 | 1,276 | 8,560 | - | | 54,980 |
| **Allowance for impairment loss:** | | | | | | | |
| 1 January 2012 | 644 | - | - | - | - | | 644 |
| Increase during the period | - | 1,132 | - | - | 2,060 | | 3,192 |
| 31 December 2012 | 644 | 1,132 | - | - | 2,060 | | 3,836 |
| Decrease during the period | - | (1,132) | - | - | (2,060) | | (3,192) |
| 31 December 2013 | 644 | - | - | - | - | | 644 |
| **Net book value:** |  |  |  |  |  | |  |
| 31 December 2012 | 49,972 | 38,457 | - | 4,578 | 2,152 | | 95,159 |
| 31 December 2013 | 49,972 | 112,971 | 20,963 | 3,941 | 134,754 | | 322,601 |
| **Amortisation for the year** | | | | | | | |
| 2012 (Baht 6,413 thousand included in cost of services, and the balance in administrative expenses) | | | | | | 7,003 | |
| 2013 (Baht 20,463 thousand included in cost of services, and the balance in administrative expenses) | | | | | | 22,711 | |

|  | (Unit: Thousand Baht) | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
|  | Separate financial statements | | | | | |
|  | Website copyright | Films, music and video copyright | Other copyright | Computer software | Work in process | Total |
| **Cost** |  |  |  |  |  |  |
| 1 January 2012 | 10,645 | 288 | - | 3,206 | - | 14,139 |
| Additions | - | 6,005 | - | - | - | 6,005 |
| Disposals/write off | - | (288) | - | (4) | - | (292) |
| 31 December 2012 | 10,645 | 6,005 | - | 3,202 | - | 19,852 |
| Additions | - | 809 | - | 3 | 8,726 | 9,538 |
| Transfer in (out) | - | 2,305 | - | - | (2,305) | - |
| 31 December 2013 | 10,645 | 9,119 | - | 3,205 | 6,421 | 29,390 |
| **Accumulated amortisation :** |  |  |  |  |  |  |
| 1 January 2012 | 3,508 | 163 | - | 1,731 | - | 5,402 |
| Amortisation for the year | - | 891 | - | 483 | - | 1,374 |
| Amortisation on disposals | - | (287) | - | (2) | - | (289) |
| 31 December 2012 | 3,508 | 767 | - | 2,212 | - | 6,487 |
| Amortisation for the year | - | 1,800 | - | 466 | - | 2,266 |
| 31 December 2013 | 3,508 | 2,567 | - | 2,678 | - | 8,753 |
| **Allowance for diminution in value :** | | | | | | |
| 1 January 2012 | 644 | - | - | - | - | 644 |
| 31 December 2012 | 644 | - | - | - | - | 644 |
| 31 December 2013 | 644 | - | - | - | - | 644 |
| **Net book value:** |  |  |  |  |  |  |
| 31 December 2012 | 6,493 | 5,238 | - | 990 | - | 12,721 |
| 31 December 2013 | 6,493 | 6,552 | - | 527 | 6,421 | 19,993 |
| **Amortisation for the year** | | | | | | |
| 2012 (Baht 891 thousand included in cost of services, and the balance in administrative expenses) | | | | | | 1,374 |
| 2013 (Baht 1,800 thosand included in cost of services, and the balance in administrative expenses) | | | | | | 2,266 |

**12. Deposits and retentions**

|  | (Unit: Thousand Baht) | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2013 | 2012 | 2013 | 2012 |
| Deposit for digital TV spectrum license auction | 38,000 | - | - | - |
| Deposits for land acquisition | 68,000 | - | - | - |
| Others | 24,507 | 14,139 | 5,421 | 7,212 |
| Total deposits and retentions | 130,507 | 14,139 | 5,421 | 7,212 |

12.1 Mono Broadcast Co., Ltd., a subsidiary, won digital TV spectrum license auction for variety Standard Definition (SD) ("the license") held by the National Broadcasting and Telecommunications Commission (“NBTC”). The subsidiary was required to make payment for the bid price of Baht 2,250 million (exclusive of VAT) under the following payment conditions:

1. Payment for the minimum bid price of the license fee amounting to Baht 380 million, divided into 4 installments and has to be made within 3 years from the date of obtaining the license as specified by NBTC.
2. For the exceeding amount of the minimum bid price of the license fee, the payment is divided into 6 installments and has to be made within 5 years from the date of obtaining the license as specified by NBTC.

The subsidiary was required to request the digital TV license within 45 days upon the date it was notified of the winning (13 January 2014). The license is valid for 15 years from the date of the license.

In addition, the subsidiary is required to pay license fee, other fees and fee for the Broadcasting and Telecommunications Research and Development Fund for the Public Interest as specified by NBTC.

12.2 On 18 December 2013, the meeting of Mono Production Co., Ltd.’s, a subsidiary, Board of Directors passed a resolution regarding land acquisition, amounting to Baht 180 million, for the subsidiary’s operations. As at 31 December 2013, the subsidiary paid the deposit for land acquisition totaling Baht 68 million.

**13. Trade and other payables**

|  | (Unit: Thousand Baht) | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2013 | 2012 | 2013 | 2012 |
| Trade payables - related parties (Note 6) | 2,767 | 7,989 | 80,527 | 197,763 |
| Trade payables - unrelated parties | 95,823 | 102,333 | 64,569 | 65,689 |
| Other payables - related parties (Note 6) | 13,827 | 16,937 | 12,760 | 26,090 |
| Other payables - unrelated parties | 38,783 | 31,791 | 22,625 | 14,000 |
| Accrued expenses | 37,903 | 33,867 | 15,697 | 16,247 |
| Payables for equipment | 10,548 | 2,562 | 2,896 | 1,463 |
| Total trade and other payables | 199,651 | 195,479 | 199,074 | 321,252 |

**14. Liabilities under finance lease agreements**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2013 | 2012 | 2013 | 2012 |
| Liabilities under finance lease agreements | 33,620 | 36,397 | 4,952 | 14,882 |
| Less : Deferred interest expenses | (2,145) | (2,630) | (160) | (781) |
| Total | 31,475 | 33,767 | 4,792 | 14,101 |
| Less : Portion due within one year | (16,830) | (17,214) | (3,960) | (9,090) |
| Liabilities under finance lease agreements - net of current portion | 14,645 | 16,553 | 832 | 5,011 |

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of motor vehicles and equipment for use in their operations, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | | | |
|  | As at 31 December 2013 | | | | | |
|  | Consolidated  financial statements | | | Separate  financial statements | | |
|  | Less than 1 year | 1-5 years | Total | Less than 1 year | 1-5 years | Total |
| Future minimum lease payments | 18,341 | 15,279 | 33,620 | 4,103 | 849 | 4,952 |
| Deferred interest expenses | (1,511) | (634) | (2,145) | (143) | (17) | (160) |
| Present value of future minimum lease payments | 16,830 | 14,645 | 31,475 | 3,960 | 832 | 4,792 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | | | |
|  | As at 31 December 2012 | | | | | |
|  | Consolidated  financial statements | | | Separate  financial statements | | |
|  | Less than 1 year | 1-5 years | Total | Less than 1 year | 1-5 years | Total |
| Future minimum lease payments | 18,885 | 17,512 | 36,397 | 9,656 | 5,226 | 14,882 |
| Deferred interest expenses | (1,671) | (959) | (2,630) | (566) | (215) | (781) |
| Present value of future minimum lease payments | 17,214 | 16,553 | 33,767 | 9,090 | 5,011 | 14,101 |

**15. Provision for long-term employee benefits**

Provision for long-term employee benefits, which is compensations on employees’ retirement, was as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2013 | 2012 | 2013 | 2012 |
| Defined benefit obligation at beginning of year | 18,910 | 12,968 | 11,073 | 7,309 |
| Current service cost | 4,309 | 3,489 | 2,267 | 1,913 |
| Interest cost | 774 | 325 | 456 | 87 |
| Actuarial loss | - | 2,128 | - | 1,764 |
| Provisions for long-term employee  benefits at end of year | 23,993 | 18,910 | 13,796 | 11,073 |

Long-term employee benefit expenses included in the profit or loss were as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Thousand Baht) | | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2013 | 2012 | 2013 | 2012 |
| Current service cost | 4,309 | 3,489 | 2,267 | 1,913 |
| Interest cost | 774 | 325 | 456 | 87 |
| Actuarial loss | - | 2,128 | - | 1,764 |
| Total expenses recognised in the income statement (included in the administrative expenses) | 5,083 | 5,942 | 2,723 | 3,764 |

Principal actuarial assumptions at the valuation date were as follows:

|  |  |  |
| --- | --- | --- |
|  | 2013 | 2012 |
| Discount rate | 3.9 - 4.4% | 3.9 - 4.4% |
| Future salary increase rate | 5% | 5% |

Amounts of defined benefit obligation for the current and previous two years are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Thousand Baht) | | | | |
|  | Defined benefit obligation | | Experience adjustments arising  on the plan liabilities | |
|  | Consolidated financial statements | Separate financial statements | Consolidated financial statements | Separate financial statements |
| Year 2013 | 23,993 | 13,796 | - | - |
| Year 2012 | 18,910 | 11,073 | (1,460) | (1,538) |
| Year 2011 | 12,968 | 7,309 | - | - |

**16. Share capital**

On 3 June 2013, the Company made an initial public offering of 245 million shares with a par value of Baht 0.1 each, at a price of Baht 11.40 per share, for total proceeds of Baht 2,793 million. The Company incurred expenses relating to the share offering totaling Baht 73 million (net of income tax of Baht 17 million), and these were presented as a deduction from the premium on ordinary shares. The Company registered the increase of its paid-up share capital to Baht 140 million (1,400 million ordinary shares of Baht 0.1 each) with the Ministry of Commerce on the same date.

**17. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

**18. Expenses by nature**

Significant expenses by nature are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2013 | 2012 | 2013 | 2012 |
| Salary and wages and other employee benefits | 258,067 | 224,073 | 106,908 | 94,497 |
| Cost of Mobile Value Added Services | 212,820 | 242,511 | 769,561 | 948,038 |
| Advertising and sales promotion expenses | 85,220 | 61,560 | 62,056 | 19,134 |
| Utilities expenses | 76,932 | 62,865 | 61,988 | 57,952 |
| Cost of sale | 65,191 | 35,491 | - | - |
| Depreciation and amortisation | 59,426 | 36,200 | 21,832 | 19,094 |
| Cost of production | 31,025 | 30,276 | - | - |

**19. Income tax**

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2013 | 2012 | 2013 | 2012 |
| Corporate income tax charge | 37,649 | 62,420 | 35,089 | 42,564 |
| Deferred tax relating to origination and reversal of temporary differences | (16,029) | - | (1,604) | - |
| Effects of income tax related to the share offering (Note 16) | 17,458 | - | 17,458 | - |
| Deferred tax effect of the expenses relating to the share offering | 39,078 | 62,420 | 50,943 | 42,564 |

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2013 | 2012 | 2013 | 2012 |
| Accounting profit before tax | 540,543 | 669,722 | 608,159 | 642,300 |
| Applicable tax rate | 20% | 23% | 20% | 23% |
| Accounting profit before tax multiplied by  applicable tax rate | 108,109 | 154,036 | 121,632 | 147,729 |
| Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit: |  |  |  |  |
|  |  |  |  |
| Promotional privileges (Note 20) | (67,563) | (98,668) | - | - |
| Dividend income from subsidiaries | - | - | (69,757) | (106,781) |
| Others | (1,468) | 7,052 | (932) | 1,616 |
| Income tax expenses reported in the income statement | 39,078 | 62,420 | 50,943 | 42,564 |

The components of deferred tax assets and deferred tax liabilities as at 31 December 2013 and 2012 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2013 | 2012 | 2013 | 2012 |
| **Deferred tax assets (liabilities)** |  |  |  |  |
| Trade and other receivables (Allowance for doubtful accounts and allowance for sale return) | 5,514 | - | 691 | - |
| Intangible assets (Difference in amortisation) | (7,095) | - | (1,098) | - |
| Provision for long-term employee benefits | 4,595 | - | 2,759 | - |
| Unused tax loss | 12,368 | - | - | - |
| Other | 647 |  | (748) |  |
| Total | 16,029 | - | 1,604 | - |
| Presented as follows: | | | | |
| Deferred tax assets | 21,768 | - | 1,604 | - |
| Deferred tax liabilities | (5,739) | - | - | - |
| Total | 16,029 | - | 1,604 | - |

As at 31 December 2013 the subsidiaries had deductible temporary differences and unused tax losses totaling Baht 22 million, on which deferred tax assets have not been recognised as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

**20. Promotional privileges**

On 11 January 2011, Mono Info Systems Co., Ltd., a subsidiary, has received promotional tax privileges from the Board of Investment, pursuant to the promotion certificate No. 1029(7)/2554. The privileges include an exemption from corporate income tax for a period of 8 years from the date of the promoted operations commenced generating revenues (31 July 2011).

In 2013, the subsidiary had revenues from the promoted operations amounting to Baht 374 million (2012: Baht 458 million).

**21. Basic earnings per share**

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

**22. Provident fund**

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiaries and its employees contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by TISCO Asset management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2013, the Company and its subsidiaries contributed Baht 8 million (2012: Baht 7 million) to the fund and of the Company only amounting to Baht 4 million (2012: Baht 3 million).

**23. Dividends**

| Dividends | Approved by | Total dividends | Dividend  per share |
| --- | --- | --- | --- |
|  |  | (Million Baht) | (Baht per share) |
| Annual dividends for 2012 | Annual General Meeting of the shareholders on 13 March 2013 | 161.7 | 0.14 |
| Interim dividends for 2013 | The Company’s Board of Director’s Meeting on 8 May 2013 | 161.7 | 0.14 |
|  | The Company’s Board of Director’s Meeting on 7 August 2013 | 161.0 | 0.12 |
|  | The Company’s Board of Director’s Meeting on 6 November 2013 | 100.8 | 0.07 |
| Total dividend payments for the year 2013 | | 585.2 | 0.47 |
|  |  |  |  |
| Annual dividends for 2011 | Annual General Meeting of the shareholders on 8 March 2012 | 12.5 | 1.25 |
| Interim dividends for 2012 | The Company’s Board of Director’s Meeting on 14 March 2012 | 39.0 | 0.04 |
|  | The Company’s Board of Director’s Meeting on 9 May 2012 | 127.0 | 0.13 |
|  | The Company’s Board of Director’s Meeting on 8 August 2012 | 134.0 | 0.13 |
|  | The Company’s Board of Director’s Meeting on 7 November 2012 | 120.1 | 0.10 |
| Total dividend payments for the year 2012 | | 432.6 | 1.65 |

**24. Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company and its subsidiaries’ operations are mainly carried on in Thailand. As a result, all of the revenues, and assets as reflected in these financial statements pertain to the aforementioned geographical reportable area.

Most of revenues of the Company and its subsidiaries are from three major customers.

Below is revenues, profit and assets information regarding the Company and its subsidiaries’ operating segments for the year ended 31 December 2013 and 2012.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | | | | | |
|  | Media and Content (1) | | Entertainment(2) | | Elimination of inter-segment  revenues | | Consolidation | |
|  |
|  | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Sales and service income |  |  |  |  |  |  |  |  |
| Revenues from external customers | 1,308,228 | 1,460,346 | 99,158 | 77,860 | - | - | 1,407,386 | 1,538,206 |
| Inter-segment revenues | - | - | 12,853 | 8,351 | (12,853) | (8,351) | - | - |
| Total revenues | 1,308,228 | 1,460,346 | 112,011 | 86,211 | (12,853) | (8,351) | 1,407,386 | 1,538,206 |
| Segment income | 805,729 | 953,130 | 35,479 | 26,615 |  |  | 841,208 | 979,745 |
| Unallocated income and expenses: |  |  |  |  |  |  |  |  |
| Other income |  |  |  |  |  |  | 90,579 | 23,663 |
| Selling and servicing expenses |  |  |  |  |  |  | (101,045) | (87,628) |
| Administrative expenses |  |  |  |  |  |  | (287,981) | (242,355) |
| Finance cost |  |  |  |  |  |  | (2,566) | (3,703) |
| Income tax expenses |  |  |  |  |  |  | (39,078) | (62,420) |
| Profit for the year |  |  |  |  |  |  | 501,117 | 607,302 |
| Leasehold improvement and equipment | 147,680 | 121,237 | 4,654 | 2,966 | - | - | 152,334 | 124,203 |
| Intangible assets | 142,318 | 68,798 | 180,284 | 26,361 | - | - | 322,602 | 95,159 |

(1) The media and content segment consists of Mobile Value Added Services (MVAS), Internet media business, publishing business and TV media business.

(2) The entertainment segment consists of music business and movie business.

**25. Commitments and contingent liabilities**

**25.1 Capital commitments**

As at 31 December 2013, the Company and its subsidiaries had capital commitments of approximately Baht 160 million (2012: Baht 4 million), relating to acquisition of land, equipment, movie rights and television programs.

**25.2 Guarantees**

As at 31 December 2013, the Company and its subsidiaries had outstanding bank guarantees of Baht 6 million (2012: Baht 6 million) and of the Company only amounting to Baht 5 million (2012: Baht 5 million) issued by banks on behalf of the Company and its subsidiaries in respect of performance bonds.

**25.3 Operating lease and service commitments**

The Company and its subsidiaries had entered into several lease agreements in respect of the lease of office building space and other services contracts. The terms of the agreements were generally between 1 and 5 years.

As at 31 December 2013 and 2012, future minimum lease payments required under these non-cancellable operating lease and service contracts were as follows.

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | 2013 | 2012 |
| Payable: |  |  |
| in up to 1 year | 69,192 | 56,518 |
| in over 1 and up to 5 years | 57,423 | 33,395 |

**26. Financial instruments**

**26.1 Financial risk management**

The Company and its subsidiaries’ financial instruments, as defined under Thai Accounting Standard No.107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, current investments, trade and other receivables, trade and other payables, short-term loans to subsidiaries and short-term loans from subsidiaries and financial lease liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

***Credit risk***

The Company and its subsidiaries is exposed to credit risk primarily with respect to trade and other receivables, and short-term loans to subsidiaries. The Company and its subsidiaries manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. However, the Company and its subisidiaries is exposed to concentrations of credit risk with respect to trade receivables because it has a few major customers who are in the same industry. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables, and short-term loans to subsidiaries as stated in the statement of financial position.

***Interest rate risk***

The Company and its subsidiaries’ exposure to interest rate risk relates primarily to its cash at banks, current investments, short-term loans to subsidiaries and short-term loans from subsidiaries and financial lease liabilities. Most of the Company and its subsidiaries’ financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

**26.2 Fair values of financial instruments**

Since the majority of the Company and its subsidiaries’ financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm’s length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

**27. Capital management**

The primary objective of the Company and its subsidiaries’ capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2013, the Company and its subsidiaries’ debt-to-equity ratio was 0.09:1 (2012: 0.57:1) and the Company's was 0.07:1 (2012: 1.37:1).

**28. Approval of financial statements**

These financial statements were authorised for issue by the Company’s Board of Directors on 19 February 2014.