

Enclosure 3.

Company's financial statements and summary of
management discussion and analysis from
the 2017 annual report

Independent Auditor's Report

To the Shareholders of Mono Technology Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Mono Technology Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Mono Technology Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mono Technology Public Company Limited and its subsidiaries and of Mono Technology Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. 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 judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

The Group is principally engaged in both media and content businesses. As a result, the Group has a variety of revenues from sales of goods and rendering of services. The amount of the Group's revenue is significantly and directly affected by its operating performance, to which users of financial statements pay attention. I have therefore focused on the Group's revenue recognition.

I have examined the revenue recognition of the Group by

- Assessing and testing the Group's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls, and expanding the scope of the testing of the internal controls with respect to revenue recognition.
- On a sampling basis, examining supporting documents for actual sales and service transactions occurring during the year and near the end of the reporting period.
- Reviewing credit notes that the Group issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales and service transactions throughout the period, particularly for accounting entries made through journal vouchers.

Impairment of intangible assets and cost of spectrum license

As at 31 December 2017, intangible assets and cost of spectrum license totaled Baht 3,715 million, representing 65% of the Group's total assets, as described in Note 12 and 13 to the consolidated financial statements. Management's assessment was that there were indicators that these assets may be impaired. In determining the impairment loss, management had to exercise judgement with respect to the projections of future operating performance and plans for management of assets, and determination of an appropriate discount rate and key assumptions, which directly affect the amount of allowance for impairment loss on such assets.

I gained an understanding of and assessed the assumptions applied in preparing plans and cash flow projections, based on the understanding I gained of the process by which the figures were arrived at, comparison of the assumptions with external and internal sources of information and comparison of past cash flow projections with actual operating results in order to assess the exercise of management judgement in estimating cash flow projections. I also evaluated the discount rate applied by management through analysis of the moving average finance costs of the Group and of the industry, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosures made with respect to the impairment assessment for intangible assets and cost of spectrum license.

Impairment of investments in subsidiaries and loans to subsidiaries

As at 31 December 2017, the Company had investments in subsidiaries and loans to subsidiaries amounting to Baht 3,027 million and Baht 709 million, respectively, representing 66 percent and 16 percent of total assets, respectively, as described in Notes 9 and 6 to the consolidated financial statements. Management's assessment was that there were indicators of impairment of these investments and loans. In determining the impairment loss, management had to exercise judgement with respect to the projections of future operating performance and plans of the subsidiaries, and determination of an appropriate discount rate and key assumptions, which directly affect the amount of allowance for impairment loss on such investments and loans.

I gained an understanding of and assessed the assumptions applied in preparing plans and cash flow projections, based on the understanding I gained of the process by which the figures were arrived at, comparison of the assumptions with external and internal sources of information and comparison of past cash flow projections with actual operating results in order to assess the exercise of management judgement in estimating cash flow projections. I also evaluated the discount rate applied by management through analysis of the moving average finance costs of the subsidiaries and of the industry, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosures made with respect to the impairment assessment for investments in subsidiaries and loans to subsidiaries.

Deferred tax assets for unused tax losses

As at 31 December 2017, the Group had deferred tax assets for unused tax losses amounting to Baht 216 million, representing 4 percent of total assets. The Group has disclosed its accounting policy and details relating to deferred tax in Note 4 and Note 24, respectively, to the consolidated financial statements. A deferred tax asset is recognised when it is highly probable that the Group's taxable profit will be sufficient to allow utilisation of the deferred tax in the future. Determining whether there will be sufficient future taxable profit to utilise taxable losses requires significant management judgement with respect to preparation of business plans and projections of future taxable profit based on approved business plans. Therefore, there is a risk with respect to the amount of deferred tax assets.

I assessed the estimates of future taxable profit by checking the required information and key economic assumptions used in the projections against information from both external and internal sources, with particular consideration given to information and assumptions that directly affect revenue growth and gross profit margin. Furthermore, I compared past profit projections with actual taxable profits to assess the exercise of management judgement in estimating taxable profits. I also tested the calculation of future taxable profit based on the above information and assumptions, and considered the effects of changes to key assumptions on the projected future taxable profits, especially in respect of long-term revenue growth. In addition, I reviewed the disclosures of

information regarding temporary differences and unused tax losses for which deferred tax assets were not recognised by the Group.

Other Information

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

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

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

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 Thai Standards on Auditing 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

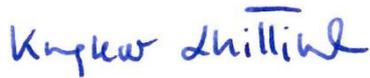
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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'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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 those charged with governance 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 those charged with governance 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 those charged with governance, I determine those matters that were of most significance in the audit of the 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.

I am responsible for the audit resulting in this independent auditor's report.



Krongkaew Limkittikul

Certified Public Accountant (Thailand) No. 5874

EY Office Limited

Bangkok: 21 February 2018

Management Discussion and Analysis

(1) Overview of Operation Results

Revenue

Total revenue of the Company and subsidiaries for 2017 amounted to 2,575.71 million Baht, compared to 2,112.70 million Baht in 2016, increasing by 463.01 million Baht or 21.92 percent, with details summarized as follows:

Revenue	Consolidated Financial Statements			
	2017	2016	Increase (Decrease)	%
Sales and service income	2,528.67	2,076.76	451.91	21.76
Other income	47.04	35.94	11.10	30.88
Total	2,575.71	2,112.70	463.01	21.92

Sales and service income of the Company and subsidiaries for 2017 totaled 2,528.67 million Baht, compared to 2,076.76 million Baht in 2016, increasing by 451.91 million Baht, or 21.76 percent. Details of sales and service income can be categorized in terms of business as follows:

Business	Consolidated Financial Statements			
	2017	2016	Increase(Decrease)	%
Media business	2,370.90	1,980.76	390.14	19.70
Content business	157.77	96.00	61.77	64.34
Total	2,528.67	2,076.76	451.91	21.76

Revenue from media business comprising of the advertising and content subscription business of the Company and subsidiaries for 2017 was 2,370.90 million Baht, comparing to 1,980.76 million Baht in 2016, increasing by 390.14 million Baht or 19.70 percent. The increase of revenue mostly derives from TV advertising of the fact that a subsidiary has run business on SDTV under the name MONO29 channel with the concept of “Free TV with the greatest number of blockbuster movies and premium TV series”. MONO29 has gained TV rating and become top four favorite free digital TV channels, especially, the “Premium Blockbuster” program which offers premium movies drawing attention of advertising agencies and customers to advertise their products and services via our channel. This trend is continuously increasing. Currently, MONO29 ranked the third of the most popular TV channel.

Revenues from content business comprising movie, sport, music and other businesses of the Company and subsidiaries in 2017 amounted to 157.77 million Baht, increasing by 61.77 million Baht, or 64.34 percent from 96 million Baht of 2016. Due to

Movie Business In 2017, subsidiaries brought more movie contents into theaters, especially, the launch of the first film produced by “T Moment” production house under Mr. Visute Poolvorlaks, who has experience in the film industry, and it was received a good response.

Sport Business Subsidiary sponsors “Mono Vampire” and “Mono Thewphaingarm” basketball clubs and Thailand’s basketball League by supporting “Stadium29” for competition and broadcasting through various media. In addition, the subsidiary has registered large basketball program in the channel. As a result, it has been sponsored by more companies interested in basketball.

Music Business In 2017 Subsidiary started a project named “Mono Fresh Concert” which the concerts feature many well-known leading artists from different styles on the same stage, which was sponsored by GSB, and called “GSB Two-Tone Concerts”.

Other income of the Company and subsidiaries in 2017 was 47.04 million Baht, compared with 35.94 million Baht in 2016, increasing by 11.10 million Baht or 30.88 percent.

Cost, Expense, Finance Cost and Income Tax

Cost, expense, finance cost and income tax of the Company and subsidiaries in 2017 totaled 2,517.54 million Baht, compared to 2,362.25 million Baht in 2016, decreasing by 155.29 million Baht or 6.57 percent.

Details	Consolidated Financial Statements			
	2017	2016	Increase (Decrease)	%
Cost of sales and services	1,833.83	1,633.84	199.99	12.24
Selling and servicing expenses	139.39	107.57	31.82	29.58
Administrative expenses	448.34	417.92	30.42	7.28
Loss on impairment of investment in joint venture	-	21.30	(21.30)	(100.00)
Loss on impairment of intangible assets	4.94	23.78	(18.84)	(79.23)
Doubtful account	0.50	1.37	(0.87)	(63.50)
Total expenses	2,427.00	2,205.78	221.22	10.03
Share of loss from investment in joint venture	-	1.81	(1.81)	(100.00)
Finance cost	133.40	145.01	(11.61)	(8.01)
Income tax expenses	(42.86)	9.65	(52.51)	544.15
Total	2,517.54	2,362.25	155.29	6.57

The increase in operating expenses was due to higher revenue affecting the Company and subsidiaries had higher expense. While the Company and subsidiaries had increased amortization cost of their rights from purchasing new contents from oversea film studios to support the broadcast of “MONO29” and on all platforms,

with more than 2,000 movies in the series, more than 200 series, totally 4,000 episodes. The Company and subsidiaries also used more public relation media within the organization and external public relation media together with partners and more sponsors.

Net Profit

The Company and subsidiaries recorded the net profit for 2017 at 58.17 million Baht, comparing to net loss of 249.55 million Baht in 2016, increasing by 307.72 million Baht or 123.31 percent. This is because of higher TV advertising income of the subsidiaries resulting from higher TV ratings compared to last year's performance.

(2) Financial Position Analysis

Assets

The total assets of the Company and subsidiaries as of the end of 2017 amounted to 5,736.60 million Baht, increasing by 344.94 million Baht of 2016. This was in consequence of current assets increased in amount of 79.47 million Baht and non-current assets increased in amount of 265.47 million Baht.

An increase in current assets was mostly because:

Cash and bank deposits increased by 43.02 million Baht and trade and other receivables increased by 26.68 million Baht according to higher income.

An increase in non-current assets was mostly because:

The intangible assets amounted to 2,258.10 million Baht, increasing by 306.13 million Baht from content acquisition in support of the growth of Digital TV business and movie business, especially the premium movies acquisition with top international film studios.

Liabilities

As of the end of 2017, total liabilities of the Company and subsidiaries stood at 2,997.37 million Baht, decreasing by 28.68 million Baht from 2016 after the payment of the spectrum license cost of 167.91 million Baht, whereas long-term loan from bank increased 128.85 million Baht and trade and other payable rose 23.98 million Baht due to the increase of the creditors, fee for TV broadcasting license (NBTC) based on TV business revenue.

Shareholders' equity

Shareholders' equity of the Company and subsidiaries as of the end of 2017 was 2,739.23 million Baht, increasing by 373.62 million Baht from 2016 due largely to the 2017 profits in operating performance of 58.17 million Baht and the Company's paid-up share capital increased by 190 million shares, amounting to 524.19 million Baht. At the same time, there was a dividend payment for the year 2016 and an interim dividend for the year 2017 of 202.04 million Baht, resulting in a decrease in retained earnings of 145.99 Million Baht.

Investment Structure

As of December 31, 2017, the Company and subsidiaries recorded the total liabilities of 2,997.37 million Baht, accounting for 52.25 percent of the total assets. Shareholders' equity was 2,739.23 million Baht, accounting for 47.75 percent of the total assets. Debt to Equity Ratio was 1.09 times, decreasing by 0.19 times from the year 2016.

Profitability

As of December 31, 2017, the Company and subsidiaries' gross profit margin was 27.28 percent, increasing by 7.10 percent from 2016. Net profit margin was 2.26 percent, increasing by 14.07 percent from 2016. A key factor for the increase in profitability ratio over year included the fact that "MONO29," ranking top four digital TV channels. As a result, subsidiary's revenue from TV advertising services increased.

Thus, the increasing profitability ratio and Return on Equity (ROE) for 2017 of 2.28 percent, rising by 12.70 percent from 2016 were due to higher profit as mentioned above.

Asset Management Ability

In 2017, the Company and subsidiaries' Return on Assets (ROA) was 2.67 percent, increasing by 4.45 percent from the previous year and Total Assets Turnover was 0.46 times which increased by 0.06 times from the previous year. This was because the contents of the Company and subsidiaries had effectively generated revenue and returns for the company, therefore, the profitability and asset yields were better than last year.

Liquidity and Capital Adequacy

In 2017, the Company and subsidiaries' liquidity ratio was 0.94 times, increasing by 0.21 times from the previous year. Quick Ratio was 0.74 times, increasing by 0.20 times from 2016. These were because cash and bank deposit rose and current liabilities decreased from license fees due within one year as NBTC extended the fee payment period to operators under Section 44.

In 2017, debt to equity ratio was 1.09 times, decreasing by 0.19 times from the previous year because the company had paid 190 million ordinary shares in the amount of 524.19 million Baht, while the liability decreased slightly

Liability Commitments

In 2017, the future minimum lease payments required under these operating lease and service contracts were as follows:

Unit: Million Baht

Payment Period	Amount
Within one year	159
More than one year but not exceeding 5 years	288
More than 5 years	312