

Mono Technology Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2018

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 2018, 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 2018, 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 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 2018, intangible assets and cost of spectrum license totaled Baht 3,901 million, representing 68 percent of the Group's total assets, as described in Notes 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 2018, the Company had investments in subsidiaries and loans to subsidiaries amounting to Baht 3,299 million and Baht 619 million, respectively, representing 72 percent and 13 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 2018, the Group had deferred tax assets for unused tax losses amounting to Baht 215 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: 20 February 2019

Mono Technology Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents		91,230,440	129,827,648	8,724,852	67,106,873
Current investments - bank deposits		235,762	232,693	3,020	2,979
Trade and other receivables	7	448,129,583	492,662,568	511,400,338	566,421,976
Inventories	8	16,528,479	10,496,526	-	-
Current tax assets		69,310,492	72,589,531	13,920,311	24,171,801
Prepaid expenses		38,809,034	23,507,844	5,124,495	5,766,083
Other current assets		75,568,809	96,826,099	3,370,248	8,041,936
Total current assets		739,812,599	826,142,909	542,543,264	671,511,648
Non-current assets					
Restricted bank deposits	30.2	62,597,359	46,058,565	262,293	220,293
Investments in subsidiaries	9	-	-	3,298,825,288	3,026,825,626
Investment in a joint venture	10	-	46,832,501	-	-
Loans to subsidiaries	6	-	-	619,250,000	708,750,000
Property, plant and equipment	11	732,357,721	760,550,444	29,987,884	41,761,625
Intangible assets	12	2,572,809,832	2,258,095,254	67,573,304	70,981,549
Cost of spectrum license	13	1,328,014,066	1,456,793,326	-	-
Deferred tax assets	24	245,446,620	258,965,037	11,910,849	3,119,976
Other non-current assets		84,037,754	83,165,553	30,418,509	31,787,577
Total non-current assets		5,025,263,352	4,910,460,680	4,058,228,127	3,883,446,646
Total assets		5,765,075,951	5,736,603,589	4,600,771,391	4,554,958,294

The accompanying notes are an integral part of the financial statements.

Mono Technology Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from banks	14	221,856,786	120,000,000	27,985,771	-
Trade and other payables	15	423,612,461	319,038,196	115,618,271	179,570,197
Short-term loan from a subsidiary	6	-	-	52,183,680	-
Current portion of long-term liabilities					
Long-term loans from banks	16	109,640,369	81,892,729	-	-
Cost of spectrum license payable	17	6,777,697	206,176,617	-	-
Liabilities under finance lease agreements	18	15,637,689	6,599,924	-	1,405,954
Income tax payable		1,341,836	3,406,726	-	-
Other current liabilities		89,504,313	65,286,025	12,429,204	11,116,796
Total current liabilities		868,371,151	802,400,217	208,216,926	192,092,947
Non-current liabilities					
Long-term liabilities - net of current portion					
Long-term loans from banks	16	1,333,820,773	1,440,837,930	-	-
Cost of spectrum license payable	17	844,058,013	695,321,168	-	-
Liabilities under finance lease agreements	18	18,392,448	6,028,606	-	-
Provision for long-term employee benefits	19	51,861,054	43,792,432	22,035,519	19,243,927
Deferred tax liabilities	24	7,476,746	8,990,111	-	-
Total non-current liabilities		2,255,609,034	2,194,970,247	22,035,519	19,243,927
Total liabilities		3,123,980,185	2,997,370,464	230,252,445	211,336,874

The accompanying notes are an integral part of the financial statements.

Mono Technology Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Shareholders' equity					
Share capital	20				
Registered					
4,862,999,975 ordinary shares					
(2017: 5,196,999,975 ordinary shares)					
of Baht 0.1 each		<u>486,299,998</u>	<u>519,699,998</u>	<u>486,299,998</u>	<u>519,699,998</u>
Issued and fully paid-up					
3,471,029,658 ordinary shares					
(2017: 3,390,740,224 ordinary shares)					
of Baht 0.1 each		347,102,966	339,074,023	347,102,966	339,074,023
Premium on ordinary shares		3,632,950,329	3,440,898,002	3,632,950,329	3,440,898,002
Differences on business combination					
under common control		(152,365,167)	(152,365,167)	-	-
Retained earnings					
Appropriated - statutory reserve	22	51,970,000	51,970,000	51,970,000	51,970,000
Unappropriated (deficit)		(1,238,978,792)	(941,578,833)	338,495,651	511,679,395
Other components of shareholders' equity		416,430	1,235,100	-	-
Total shareholders' equity		<u>2,641,095,766</u>	<u>2,739,233,125</u>	<u>4,370,518,946</u>	<u>4,343,621,420</u>
Total liabilities and shareholders' equity		<u>5,765,075,951</u>	<u>5,736,603,589</u>	<u>4,600,771,391</u>	<u>4,554,958,294</u>
		-	-	-	-

The accompanying notes are an integral part of the financial statements.

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Directors
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Mono Technology Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Revenues					
Sales and service income		2,399,232,338	2,528,674,011	380,001,130	804,304,719
Dividend income	9	-	-	-	158,993,673
Difference from modification of the terms of payment of the spectrum license fee	13	75,226,956	-	-	-
Other income		33,657,090	47,037,539	112,099,552	85,439,475
Total revenues		<u>2,508,116,384</u>	<u>2,575,711,550</u>	<u>492,100,682</u>	<u>1,048,737,867</u>
Expenses					
Cost of sales and services		1,905,894,039	1,833,826,580	314,092,255	679,824,078
Selling and servicing expenses		171,025,775	139,390,512	20,103,231	33,765,157
Administrative expenses		483,434,156	448,340,683	233,852,414	223,626,143
Loss on impairment of investments in subsidiaries		-	-	-	43,000,000
Reversal of allowance for impairment of investment in a joint venture	10	(4,037,996)	-	-	-
Loss on impairment of intangible assets	12	-	4,941,744	-	-
Doubtful debts		1,903,504	504,414	-	13,857,790
Total expenses		<u>2,558,219,478</u>	<u>2,427,003,933</u>	<u>568,047,900</u>	<u>994,073,168</u>
Profit (loss) before finance cost and income tax income (expenses)		(50,103,094)	148,707,617	(75,947,218)	54,664,699
Finance cost		(128,619,609)	(133,392,926)	(1,896,738)	(326,396)
Profit (loss) before income tax income (expenses)		(178,722,703)	15,314,691	(77,843,956)	54,338,303
Income tax income (expenses)	24	(14,546,594)	42,858,402	8,790,874	(402,301)
Profit (loss) for the year		<u>(193,269,297)</u>	<u>58,173,093</u>	<u>(69,053,082)</u>	<u>53,936,002</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		(818,670)	(6,697,697)	-	-
Other comprehensive income for the year		<u>(818,670)</u>	<u>(6,697,697)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(194,087,967)</u>	<u>51,475,396</u>	<u>(69,053,082)</u>	<u>53,936,002</u>
Earnings per share					
26					
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		<u>(0.056)</u>	<u>0.017</u>	<u>(0.020)</u>	<u>0.016</u>
Diluted earnings per share					
Profit attributable to equity holders of the Company			<u>0.015</u>		<u>0.014</u>

The accompanying notes are an integral part of the financial statements.

Mono Technology Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2018

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities				
Profit (loss) before tax	(178,722,703)	15,314,691	(77,843,956)	54,338,303
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation	103,025,385	95,711,367	15,905,178	17,129,471
Amortisation	981,942,962	834,003,376	10,735,748	5,977,574
Amortisation of spectrum license cost	128,779,260	128,779,260	-	-
Doubtful debts	2,185,044	504,414	-	-
Doubtful debts - loans to subsidiaries	-	-	-	13,857,790
Reduction of inventories to net realisable value (reversal)	(679,759)	(2,437,866)	-	-
Loss on impairment of investments in subsidiaries	-	-	-	43,000,000
Reversal of allowance for impairment of investment in a joint venture	(4,037,996)	-	-	-
Dividend income	-	-	-	(158,993,673)
Difference from modification of the terms of payment of the spectrum license fee	(75,226,956)	-	-	-
(Gain) loss on disposals of equipment	(1,190,819)	29,076	(113,459)	(45,185)
Loss on disposals of intangible assets	3	-	-	-
Loss on impairment of intangible assets	-	4,941,744	-	-
Unrealised (gain) loss on exchange	668,487	(19,009)	2,430,088	-
Withholding tax written off	5,066,750	2,048,099	247,351	20,429
Provision for long-term employee benefits	8,498,912	8,148,576	2,969,532	2,643,150
Interest income	(780,584)	(1,732,630)	(21,349,490)	(21,542,408)
Interest expenses	<u>128,619,609</u>	<u>133,392,926</u>	<u>1,896,738</u>	<u>326,396</u>
Profit (loss) from operating activities before changes in operating assets and liabilities	1,098,147,595	1,218,684,024	(65,122,270)	(43,288,153)
Operating assets (increase) decrease				
Trade and other receivables	42,360,971	(23,801,091)	45,152,492	(22,253,888)
Inventories	(5,352,193)	770,567	-	-
Prepaid expenses	(14,907,492)	(784,371)	718,642	(222,810)
Other current assets	24,726,513	1,651,513	4,671,688	(865,608)
Other non-current assets	(498,465)	214,431	(196,208)	(150,927)
Operating liabilities increase (decrease)				
Trade and other payables	27,022,804	33,991,664	(61,559,220)	(21,027,258)
Other current liabilities	<u>24,218,288</u>	<u>(15,475,038)</u>	<u>(16,730)</u>	<u>(734,994)</u>
Cash flows from (used in) operating activities	1,195,718,021	1,215,251,699	(76,351,606)	(88,543,638)
Cash paid for corporate income tax	(69,849,263)	(72,863,550)	(14,103,507)	(22,646,510)
Cash received from withholding tax refundable	<u>63,081,384</u>	<u>43,470,346</u>	<u>25,672,925</u>	<u>21,112,664</u>
Net cash flows from (used in) operating activities	<u>1,188,950,142</u>	<u>1,185,858,495</u>	<u>(64,782,188)</u>	<u>(90,077,484)</u>

The accompanying notes are an integral part of the financial statements.

Mono Technology Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2018

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from investing activities				
Interest income	780,584	1,732,630	6,248,867	27,471,166
Increase in current investments - bank deposits	(3,069)	(3,130)	(41)	(40)
(Increase) decrease in loans to subsidiaries	-	-	104,000,000	(224,350,000)
Increase in restricted bank deposits	(16,538,794)	(36,929,898)	(42,000)	(113,941)
Cash paid for additional capital of subsidiaries	-	-	(286,499,663)	(112,999,640)
Cash received from a joint venture's liquidation	48,488,349	-	-	-
Dividend income	-	-	26,298,908	187,892,695
Acquisition and cash paid to settle payables from purchases of equipment	(36,661,507)	(75,348,656)	(3,901,041)	(3,544,820)
Acquisition and cash paid to settle payables from purchases of intangible assets	(1,224,957,869)	(1,157,268,684)	(12,327,503)	(47,218,725)
Proceeds from sales of equipment	1,895,872	715,911	145,277	558,409
Cash paid for spectrum license	-	(206,000,000)	-	-
Net cash flows used in investing activities	<u>(1,226,996,434)</u>	<u>(1,473,101,827)</u>	<u>(166,077,196)</u>	<u>(172,304,896)</u>
Cash flows from financing activities				
Cash paid for interest expenses	(103,420,904)	(95,125,860)	(983,017)	(177,424)
Increase (decrease) in bank overdrafts and short-term loans from banks	101,856,786	(15,000,000)	27,985,771	(15,000,000)
Increase in short-term loan from a subsidiary	-	-	50,992,000	-
Cash received from long-term loans from banks	-	128,851,891	-	-
Repayment of long-term loans from banks	(79,269,517)	-	-	-
Repayment of liabilities under finance lease agreements	(17,169,321)	(8,420,532)	(1,405,955)	(3,244,571)
Proceeds from increase in share capital	-	407,550,000	-	407,550,000
Proceeds from exercises of warrants	200,081,270	116,637,280	200,081,270	116,637,280
Dividend paid	(104,192,706)	(201,926,028)	(104,192,706)	(201,926,028)
Net cash flows from financing activities	<u>(2,114,392)</u>	<u>332,566,751</u>	<u>172,477,363</u>	<u>303,839,257</u>
Increase (decrease) in translation adjustments	<u>1,563,476</u>	<u>(2,304,175)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>(38,597,208)</u>	<u>43,019,244</u>	<u>(58,382,021)</u>	<u>41,456,877</u>
Cash and cash equivalents at beginning of year	<u>129,827,648</u>	<u>86,808,404</u>	<u>67,106,873</u>	<u>25,649,996</u>
Cash and cash equivalents at end of year	<u>91,230,440</u>	<u>129,827,648</u>	<u>8,724,852</u>	<u>67,106,873</u>
	-	-	-	-
Supplemental disclosures of cash flow information				
Non-cash transactions				
Payable of acquisition of equipment	9,683,390	9,378,111	262,214	-
Payable of acquisition of intangible assets	154,258,971	83,114,733	-	5,000,000
Assets acquired under finance lease agreements	38,570,928	11,911,065	-	-
Settlement of loan to a subsidiary with assets	-	-	-	642,210

The accompanying notes are an integral part of the financial statements.

Mono Technology Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements								
					<u>Other components of shareholders' equity</u>			
					<u>Other comprehensive income</u>			
					<u>Exchange differences on translation of financial statements in foreign currency</u>		<u>Total other components of shareholders' equity</u>	
			<u>Differences on business combination under</u>		<u>Retained earnings</u>		<u>Total</u>	
			<u>common control</u>		<u>Appropriated</u>		<u>shareholders' equity</u>	
			<u>under</u>		<u>(deficit)</u>		<u>shareholders' equity</u>	
			<u>share capital</u>		<u>ordinary shares</u>		<u>equity</u>	
			<u>Issued and fully paid-up</u>		<u>Premium on ordinary shares</u>		<u>equity</u>	
Balance as at 1 January 2017	320,093,554	2,935,691,191	(152,365,167)	49,850,000	(795,591,899)	7,932,797	7,932,797	2,365,610,476
Profit for the year	-	-	-	-	58,173,093	-	-	58,173,093
Other comprehensive income for the year	-	-	-	-	-	(6,697,697)	(6,697,697)	(6,697,697)
Total comprehensive income for the year	-	-	-	-	58,173,093	(6,697,697)	(6,697,697)	51,475,396
Increase share capital (Note 20)	14,300,000	393,250,000	-	-	-	-	-	407,550,000
The warrant holders exercised warrants (Note 21)	4,680,469	111,956,811	-	-	-	-	-	116,637,280
Dividend paid (Note 28)	-	-	-	-	(202,040,027)	-	-	(202,040,027)
Transfer retained earnings to statutory reserve	-	-	-	2,120,000	(2,120,000)	-	-	-
Balance as at 31 December 2017	339,074,023	3,440,898,002	(152,365,167)	51,970,000	(941,578,833)	1,235,100	1,235,100	2,739,233,125
Balance as at 1 January 2018	339,074,023	3,440,898,002	(152,365,167)	51,970,000	(941,578,833)	1,235,100	1,235,100	2,739,233,125
Loss for the year	-	-	-	-	(193,269,297)	-	-	(193,269,297)
Other comprehensive income for the year	-	-	-	-	-	(818,670)	(818,670)	(818,670)
Total comprehensive income for the year	-	-	-	-	(193,269,297)	(818,670)	(818,670)	(194,087,967)
The warrant holders exercised warrants (Note 21)	8,028,943	192,052,327	-	-	-	-	-	200,081,270
Dividend paid (Note 28)	-	-	-	-	(104,130,662)	-	-	(104,130,662)
Balance as at 31 December 2018	347,102,966	3,632,950,329	(152,365,167)	51,970,000	(1,238,978,792)	416,430	416,430	2,641,095,766

The accompanying notes are an integral part of the financial statements.

Mono Technology Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid-up share capital	Premium on ordinary shares	Retained earnings		
			Appropriated	Unappropriated	
Balance as at 1 January 2017	320,093,554	2,935,691,191	49,850,000	661,903,420	3,967,538,165
Total comprehensive income - profit for the year	-	-	-	53,936,002	53,936,002
Increase share capital (Note 20)	14,300,000	393,250,000	-	-	407,550,000
The warrant holders exercised warrants (Note 21)	4,680,469	111,956,811	-	-	116,637,280
Dividend paid (Note 28)	-	-	-	(202,040,027)	(202,040,027)
Transfer retained earnings to statutory reserve	-	-	2,120,000	(2,120,000)	-
Balance as at 31 December 2017	<u>339,074,023</u>	<u>3,440,898,002</u>	<u>51,970,000</u>	<u>511,679,395</u>	<u>4,343,621,420</u>
					-
Balance as at 1 January 2018	339,074,023	3,440,898,002	51,970,000	511,679,395	4,343,621,420
Total comprehensive income - loss for the year	-	-	-	(69,053,082)	(69,053,082)
The warrant holders exercised warrants (Note 21)	8,028,943	192,052,327	-	-	200,081,270
Dividend paid (Note 28)	-	-	-	(104,130,662)	(104,130,662)
Balance as at 31 December 2018	<u>347,102,966</u>	<u>3,632,950,329</u>	<u>51,970,000</u>	<u>338,495,651</u>	<u>4,370,518,946</u>

The accompanying notes are an integral part of the financial statements.

Mono Technology Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2018

1. General information

Mono Technology Public Company Limited (the “Company”) is a public company incorporated and domiciled in Thailand. Mr. Pete Bodharamik is the 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 Company and its subsidiaries are principally engaged in the following businesses:

- a) Media business, consisting of TV, radio, online and portable devices
- b) Content business, consisting of movie business, sports business, music business, entertainment business, games business, travel business and horoscope business

2. Basis of preparation

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 11 October 2016, 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 Mono Technology Public Company Limited (the “Company”) and the following subsidiary companies (the “subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2018</u> (Percent)	<u>2017</u> (Percent)
<u>Held by the Company</u>				
Mono Generation Company Limited	Production, distribution and provision of entertainment content services, magazines and general books, together with motion pictures, music and other entertainment media	Thailand	100	100
Mono Travel Company Limited	Provision of hotel accommodation, tour package, air ticket and online shopping services, together with content production and provision of content services	Thailand	100	100
Mono Production Company Limited	Provision of location services, production of TV and other programming, together with provision of entertainment content services	Thailand	100	100
Mono Info Systems Company Limited	Production and provision of enterprise software and digital content	Thailand	100	100
Mono Music Company Limited	Production and distribution of entertainment content and provision of related services, including organisation of entertainment-related activities through all types of media	Thailand	100	100
Mono Radio Company Limited	Radio station and broadcasting business, together with organisation of activities	Thailand	100	100
Mono Radio Broadcast Company Limited	Radio station and broadcasting business	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2018</u> (Percent)	<u>2017</u> (Percent)
Mono Talent Studio Company Limited	Provision of actor and artist services and provision of entertainment content through all types of media	Thailand	100	100
T Moment Company Limited	Production and distribution of motion pictures, together with provision of entertainment content services	Thailand	100	100
Mono Play Company Limited	Provision of a range of games software services for the purpose of online entertainment through mobile and website platforms	Thailand	100	100
Mono Astro Company Limited	Provision of horoscope services by fortune-tellers and astrologists through various channels	Thailand	100	100
PT Mono Technology Indonesia (1 percent held by Mono Generation Company Limited)	Provision of entertainment content through various channels (dissolved and currently in process of liquidation)	Indonesia	99	99
Mono Technology Vietnam Company Limited	Provision of entertainment content through various channels (dissolved and completed liquidation on 30 January 2019)	Vietnam	100	100
Mono Technology Hong Kong Limited	Provision of entertainment content through various channels	Hong Kong	100	100
<u>Held by the subsidiaries</u>				
<u>A subsidiary held by Mono Generation Company Limited</u>				
Mono Film Company Limited	Production and distribution of motion pictures, television programs, together with provision of entertainment content services	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2018</u> (Percent)	<u>2017</u> (Percent)
<u>Subsidiaries held by Mono Production Company Limited</u>				
Mono Sport Entertainment Company Limited	Organisation of sports events and all types of related activities, including management of sports teams and clubs	Thailand	100	100
Mono Broadcast Company Limited	Broadcasting and television business	Thailand	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) 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.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) 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.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

2.3 The separate financial statements present investments in subsidiaries and a joint venture under the cost method.

3. New financial reporting standards

a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which were effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards did not have any significant impact on the financial statements of the Company and its subsidiaries.

b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018), which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue – Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

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 services, advertising and other services relating to the internet, TV and radio businesses are recognised when services have been rendered taking into account the stage of completion.

Where royalties from rights are charged at fixed amounts, the royalties cannot be refunded by the licensee and the licensor has no obligations subsequent to granting the rights, the royalties are recognised as income in full when the licensee is entitled to exploit the rights under the terms of the agreement.

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 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 souvenirs are valued at the lower of cost (under the first-in, first-out method) and net realisable value.

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

4.5 Investments

- a) Investment in a joint venture is accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and a joint venture are accounted for in the separate financial statements using the cost method, net of allowance for impairment loss (if any).

4.6 Property, plant and equipment/Depreciation

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

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

	<u>Useful lives</u>
Building	40 years
Land improvement	20 years
Building and leasehold improvement	10 years
Furniture, fixtures and office equipment	5 years
Computer and equipment	5 years
Motor vehicles	5 years

Depreciation is charged to profit or loss. No depreciation is provided on land and assets under installation.

An item of property, plant 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 profit or loss when the asset is derecognised.

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.8 Intangible assets and cost of spectrum license/Amortisation

Intangible assets and cost of spectrum license are recognised at cost, with the cost of the spectrum license measured at the cash equivalent price, which is the present value of the installments payable. The difference between the total payment to be made and the cash equivalent price is recognised as a finance cost over the license fee payment period, and amortised from the time the Company is ready to provide commercial service.

Following the initial recognition, the intangible assets and cost of spectrum license are carried at cost less accumulated amortisation and allowance for loss on impairment (if any) of assets.

Intangible assets and cost of spectrum license 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:

	<u>Useful lives</u>
Cost of spectrum license	Contract period
Cost of website	10 years
Films, music and video copyright	5, 10 years or contract period
Other copyright	3, 5, 10 years or contract period
Computer software	5, 10, 20 years or contract period

4.9 Related party transactions

Related parties comprise individuals or enterprises 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 or enterprises 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's and its subsidiaries' operations.

4.10 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.

Leases of buildings 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 profit or loss on a straight line basis over the lease term.

4.11 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 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 profit or loss.

4.12 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment or intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit and loss.

4.13 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 their 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's 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 they 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 other comprehensive income.

4.14 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.

4.15 Income tax

Income tax income (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.

4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

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.

Impairment of investments

The Company and its subsidiaries treat investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Property, plant and equipment/Depreciation

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

In addition, the management is required to review property, plant 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.

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company's and its subsidiaries' management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related 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, its subsidiaries and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with the subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales and service income	-	-	8	6	Contract price or as agreed upon
Dividend income	-	-	-	159	Announced rate
Interest income	-	-	21	20	3 percent per annum
Other income	-	-	86	52	Contract price
Service revenue sharing payments	-	-	153	422	Contract price or as agreed upon
Marketing expenses	-	-	7	10	Contract price or as agreed upon
Rental and service expenses	-	-	1	-	Contract price or as agreed upon
Other expenses	-	-	1	-	Contract price or as agreed upon
Interest expenses	-	-	1	-	3 percent per annum
Sales of intangible assets	-	-	-	102	As agreed upon

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with related companies</u>					
Sales and service income	22	22	6	7	Contract price or as agreed upon
Cost of sales and services	14	14	6	6	Contract price or as agreed upon
Rental and service expenses	58	58	37	38	Contract price or as agreed upon
Other expenses	15	14	14	13	Contract price or as agreed upon

The balances of the accounts between the Company, its subsidiaries and those related parties were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related parties (Note 7)</u>				
Subsidiaries	-	-	18	10
Related companies (related by common shareholders and directors)	3	2	1	1
Total trade receivables - related parties	<u>3</u>	<u>2</u>	<u>19</u>	<u>11</u>
<u>Other receivables - related parties (Note 7)</u>				
Subsidiaries	-	-	434	351
<u>Dividends receivable - related party (Note 7)</u>				
Subsidiary	-	-	-	26
<u>Deposits and retentions - related parties</u>				
Related companies (related by common shareholders and directors)	7	7	6	6
<u>Trade payables - related parties (Note 15)</u>				
Subsidiaries	-	-	27	74
Related companies (related by common shareholders and directors)	6	11	-	-
Total trade payables - related parties	<u>6</u>	<u>11</u>	<u>27</u>	<u>74</u>
<u>Other payables - related parties (Note 15)</u>				
Subsidiaries	-	-	20	18
Related companies (related by common shareholders and directors)	40	19	27	14
Total other payables - related parties	<u>40</u>	<u>19</u>	<u>47</u>	<u>32</u>

Loans to subsidiaries

The balances of loans between the Company and its subsidiaries and the movements were as follows:

(Unit: Million Baht)

	Separate financial statements			
	Balance as at	Increase	Decrease	Balance as at
	31 December	during the	during the	31 December
	2017	year	year	2018
Mono Generation Company Limited	-	38	-	38
Mono Travel Company Limited	6	-	(5)	1
Mono Production Company Limited	122	-	-	122
Mono Info Systems Company Limited	-	15	-	15
PT Mono Technology Indonesia	12	-	-	12
Mono Technology Vietnam Company Limited	11	-	-	11
Mono Radio Company Limited	103	4	(99)	8
Mono Radio Broadcast Company Limited	5	-	-	5
Mono Talent Studio Company Limited	19	-	(19)	-
Mono Broadcast Company Limited	380	50	-	430
Mono Sport Entertainment Company Limited	89	37	(126)	-
Total	747	144	(249)	642
Less: Allowance for doubtful accounts	(38)	-	15	(23)
Total loans to subsidiaries - net	709	144	(234)	619

The balances represent loans to subsidiaries in the form of promissory notes, which are unsecured and carry interest at a rate of 3 percent per annum. The loans are repayable on demand. However, the Company has no intention to call for loan repayment from the subsidiaries within one year; therefore, the Company classifies these loans as non-current assets.

Short-term loan from a subsidiary

During the current year, the Company obtained a loan of USD 1.6 million (or equivalent to approximately Baht 52 million as at 31 December 2018) from Mono Technology Hong Kong Limited in the form of a promissory note. The loan is unsecured, carries interest at a rate of 3 percent per annum, and is repayable within one year.

Directors and management's benefits

During the years, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	49	48	31	29
Post-employment benefits	1	1	1	1
Total	<u>50</u>	<u>49</u>	<u>32</u>	<u>30</u>

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 30.2 a) to the consolidated financial statements.

7. Trade and other receivables

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade receivables - related parties (Note 6)	3	2	19	11
Trade receivables - unrelated parties	193	161	17	55
Accrued revenues	224	305	38	123
Dividends receivable - related party (Note 6)	-	-	-	26
Other receivables - related parties (Note 6)	-	-	434	351
Other receivables - unrelated parties	36	31	3	-
Total	<u>455</u>	<u>499</u>	<u>511</u>	<u>566</u>
Less: Allowance for doubtful accounts	<u>(8)</u>	<u>(6)</u>	<u>-</u>	<u>-</u>
Trade and other receivables - net	<u>448</u>	<u>493</u>	<u>511</u>	<u>566</u>

The balances of trade receivables, aged on the basis of due dates, are summarised below.

Age of receivables	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related parties</u>				
Not yet due	3	2	2	2
Past due				
Up to 3 months	-	-	3	1
3 - 6 months	-	-	5	2
6 - 12 months	-	-	1	2
Over 12 months	-	-	8	4
Total trade receivables - related parties	<u>3</u>	<u>2</u>	<u>19</u>	<u>11</u>
<u>Trade receivables - unrelated parties</u>				
Not yet due	145	121	15	53
Past due				
Up to 3 months	49	35	2	2
3 - 6 months	4	2	-	-
6 - 12 months	3	-	-	-
Over 12 months	28	26	-	-
Total	<u>229</u>	<u>184</u>	<u>17</u>	<u>55</u>
Less: Allowance for sales return	<u>(36)</u>	<u>(23)</u>	<u>-</u>	<u>-</u>
	<u>193</u>	<u>161</u>	<u>17</u>	<u>55</u>
Less: Allowance for doubtful accounts	<u>(8)</u>	<u>(6)</u>	<u>-</u>	<u>-</u>
Total trade receivables - unrelated parties - net	<u>185</u>	<u>155</u>	<u>17</u>	<u>55</u>
Total trade receivables - net	<u><u>188</u></u>	<u><u>157</u></u>	<u><u>36</u></u>	<u><u>66</u></u>

8. Inventories

(Unit: Million Baht)

Consolidated financial statements						
	Cost		Reduction of cost to net realisable value		Inventories - net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Finished goods	19	13	(3)	(4)	16	9
Work in process	1	1	-	-	1	1
Total	20	14	(3)	(4)	17	10

During the current year, a subsidiary reversed the write-down of cost of inventories by Baht 1 million (2017: Baht 2 million), and reduced the amount of inventories recognised as expenses during the year.

9. Investments in subsidiaries

(Unit: Million Baht)

Separate financial statements						
Company's name	Paid-up capital		Cost		Dividend received during the year	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Mono Generation Company Limited	982	982	902	902	-	-
Mono Travel Company Limited	20	20	9	9	-	-
Mono Info Systems Company Limited	8	8	8	8	-	143
Mono Production Company Limited	1,950	1,820	1,950	1,820	-	-
Mono Music Company Limited	27	106	123	123	-	-
Mono Radio Company Limited	20	1	100	1	-	-
Mono Radio Broadcast Company Limited	-	-	-	-	-	-
Mono Talent Studio Company Limited	8	5	25	5	-	-
T Moment Company Limited	115	90	115	90	-	-
Mono Play Company Limited	12	2	12	2	-	9
Mono Astro Company Limited	5	2	5	2	-	7
PT Mono Technology Indonesia	4	4	4	4	-	-
Mono Technology Hong Kong Limited	107	107	107	107	-	-
Mono Technology Vietnam Company Limited	10	10	10	10	-	-
Total			3,370	3,083	-	159
Less: Allowance for impairment of investments			(71)	(56)		
Total investments in subsidiaries - net			3,299	3,027		

T Moment Company Limited (“T Moment”)

On 9 March 2018, 21 May 2018, and 7 September 2018, the Company paid Baht 10 million, Baht 10 million, and Baht 5 million, respectively, to settle additional calls of share capital of T Moment (totaling 12.5 percent), in accordance with resolutions passed by the Company’s Board of Directors meetings. This caused no change in the Company’s shareholding in T Moment. As a result, T Moment has called-up capital of Baht 115 million, representing 57.5 percent of its registered share capital.

Mono Astro Company Limited (“Mono Astro”)

On 21 February 2018, the meeting of the Board of Directors of Mono Astro passed a resolution to approve the call-up of a further 50 percent of the registered share capital (such that the registered share capital was fully called up), or a total of Baht 2.5 million. The Company made full payment of this share capital on 9 March 2018 in accordance with a resolution passed by the Company’s Board of Directors meeting. The Company’s shareholding in Mono Astro remained unchanged.

Mono Radio Company Limited (“Mono Radio”)

On 2 March 2018, the meeting of the Board of Directors of Mono Radio passed a resolution to approve a Baht 99 million increase in the registered share capital of Mono Radio, from Baht 1 million (100,000 ordinary shares with a par value of Baht 10 each) to Baht 100 million (10,000,000 ordinary shares with a par value of Baht 10 each), through the issue of 9,900,000 additional ordinary shares with a par value of Baht 10 each. The increase in share capital did not have any impact on the Company’s interest in Mono Radio. The Company made payment of Baht 99 million for the new shares on 20 March 2018 and Mono Radio registered the corresponding increase in its share capital with the Ministry of Commerce on 22 March 2018.

Mono Radio used the cash received from these additional shares to repay outstanding loans of Baht 99 million to the Company, as described in Note 6 to the consolidated financial statements. The Company therefore reversed allowance for doubtful accounts of Baht 14.5 million provided for the loan to Mono Radio, and recognised allowance of Baht 14.5 million for impairment of investment in Mono Radio, in the separate financial statements during the current year.

Mono Talent Studio Company Limited (“Mono Talent Studio”)

On 2 March 2018, the meeting of the Board of Directors of Mono Talent Studio passed a resolution to approve a Baht 20 million increase in the registered share capital of Mono Talent Studio, from Baht 5 million (50,000 ordinary shares with a par value of Baht 100 each) to Baht 25 million (250,000 ordinary shares with a par value of Baht 100 each), through the issue of 200,000 additional ordinary shares with a par value of Baht 100 each. The increase in share capital did not have any impact on the Company’s interest in Mono Talent Studio. The Company made payment of Baht 20 million for the new shares on 20 March 2018 and Mono Talent Studio registered the corresponding increase in its share capital with the Ministry of Commerce on 22 March 2018.

Mono Play Company Limited (“Mono Play”)

On 21 May 2018, the Company made payment of a further 50 percent of the registered share capital of Mono Play (such that the registered share capital was fully called up), or a total of Baht 2.5 million, in accordance with a resolution passed by the Company’s Board of Directors meeting. The Company’s shareholding in Mono Play remained unchanged.

Subsequently, on 13 September 2018, the meeting of the Board of Directors of Mono Play passed a resolution to approve a Baht 30 million increase in the registered share capital of Mono Play, from Baht 5 million (50,000 ordinary shares with a par value of Baht 100 each) to Baht 35 million (350,000 ordinary shares with a par value of Baht 100 each), through the issue of 300,000 additional ordinary shares with a par value of Baht 100 each. The increase in share capital did not have any impact on the Company’s interest in Mono Play. The Company made payment of Baht 7.5 million for the new shares on 14 September 2018 and Mono Play registered the corresponding increase in its share capital with the Ministry of Commerce on 17 September 2018.

Mono Production Company Limited (“Mono Production”) and Mono Sport Entertainment Company Limited (“Mono Sport”)

On 14 November 2018, the meeting of the Board of Directors of the Company passed a resolution to approve a Baht 200 million increase in the registered share capital of Mono Production, from Baht 1,820 million (18,200,000 ordinary shares with a par value of Baht 100 each) to Baht 2,020 million (20,200,000 ordinary shares with a par value of Baht 100 each), through the issue of 2,000,000 additional ordinary shares with a par value of Baht 100 each. The Company made payment of Baht 130 million for the new shares on 20 November 2018 and Mono Production registered the corresponding increase in its share capital with the Ministry of Commerce on 21 November 2018. In addition, on 14 November 2018, the meeting of the Board of Directors passed a resolution whereby Mono Production, which is the Company’s subsidiary, is to increase its investment in Mono Sport, which is Mono Production’s subsidiary, by increasing the registered share capital of that company by Baht 200 million, from Baht 50 million (5,000,000 ordinary shares with a par value of Baht 10 each) to Baht 250 million (25,000,000 ordinary shares with a par value of Baht 10 each), through the issue of 20,000,000 additional ordinary shares with a par value of Baht 10 each. Mono Production made payment of Baht 130 million for the new shares on 20 November 2018 and Mono Sport registered the corresponding increase in its share capital with the Ministry of Commerce on 21 November 2018. The increases in share capital did not have any impacts on the Company’s interests in these subsidiaries.

Mono Technology Vietnam Company Limited (“Mono Vietnam”)

On 30 January 2019, Mono Vietnam registered completion of the liquidation, in accordance with a resolution passed by the Company’s Board of Directors meeting on 8 May 2017.

As at 31 December 2018, the net asset value of the subsidiaries was Baht 397 million (2017: Baht 387 million) lower than the cost of the investments. The Company assessed the recoverable amount of its investment in subsidiaries based on the higher of a calculation of fair value less costs to sell and a value-in-use calculation, using cash flow projections. It was concluded that the recoverable amounts of investments in subsidiaries were higher than the carrying amounts and the Company’s management believed that the allowance for impairment is sufficient in the current situation.

10. Investment in a joint venture

In June 2016, a subsidiary (Mono Technology Hong Kong Limited) invested in a joint venture with another company to establish Yunnan Mono Digital Technology Company Limited in China, with a registered share capital of USD 8 million (62.5 percent called up). Details of this investment are as follows:

(Unit: Million Baht)

Joint venture	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
		(Percent)	(Percent)				
Yunnan Mono Digital Technology Company Limited	Provided information and entertainment content	-	42	-	74	-	72
Less: Allowance for impairment of investment				-	(21)	-	(21)
Translation adjustments				-	(4)	-	(4)
Total				-	49	-	47

On 10 February 2017, the meeting of the Board of Directors of Yunnan Mono Digital Technology Company Limited (“Yunnan Mono”) approved its dissolution, which was registered on 13 February 2017. and USD 1.6 million, or equivalent to approximately Baht 48 million, was refunded to the subsidiary on 3 April 2018. The subsidiary therefore reversed the allowance of approximately Baht 4 million, recorded for impairment of investment in this joint venture, in the consolidated financial statements during the current year. Completion of the liquidation was registered on 18 October 2018.

As a result, the subsidiary did not recognise any share of comprehensive income from the investment in Yunnan Mono in the consolidated financial statements. As at 31 December 2017, the net asset value of the joint venture was approximately Baht 53 million, consisting of a bank deposit of approximately Baht 53 million.

11. Property, plant and equipment

(Unit: Million Baht)

Consolidated financial statements							
	Land and land improvement	Building, building and leasehold improvement	Furniture, fixtures and office equipment	Computer and equipment	Motor vehicles	Assets under installation	Total
Cost:							
1 January 2017	256	366	201	265	25	5	1,118
Additions	-	3	34	26	1	16	80
Disposals	-	-	(1)	(8)	(1)	-	(10)
Transfers in (out)	2	13	5	-	-	(20)	-
31 December 2017	258	382	239	283	25	1	1,188
Additions	-	4	20	38	6	7	75
Disposals	-	-	(1)	(17)	(3)	-	(21)
Transfers in (out)	1	-	1	-	-	(2)	-
31 December 2018	259	386	259	304	28	6	1,242
Accumulated depreciation:							
1 January 2017	1	35	105	185	15	-	341
Depreciation for the year	2	24	35	34	1	-	96
Depreciation on disposals	-	-	(1)	(8)	(1)	-	(10)
31 December 2017	3	59	139	211	15	-	427
Depreciation for the year	1	25	40	36	1	-	103
Depreciation on disposals	-	-	(1)	(17)	(2)	-	(20)
31 December 2018	4	84	178	230	14	-	510
Net book value:							
31 December 2017	255	323	100	72	10	1	761
31 December 2018	255	302	81	74	14	6	732
Depreciation for the year							
2017 (Baht 78 million included in cost of services, and the balance in administrative expenses)							96
2018 (Baht 78 million included in cost of services, and the balance in administrative expenses)							103

(Unit: Million Baht)

	Separate financial statements				
	Leasehold improvement	Furniture, fixtures and office equipment	Computer and equipment	Motor vehicles	Total
Cost:					
1 January 2017	36	29	127	7	199
Additions	-	1	3	-	4
Disposals	-	-	(7)	-	(7)
31 December 2017	36	30	123	7	196
Additions	-	1	3	-	4
Disposals	-	-	(14)	-	(14)
31 December 2018	36	31	112	7	186
Accumulated depreciation:					
1 January 2017	17	24	98	5	144
Depreciation for the year	3	3	11	-	17
Depreciation on disposals	-	-	(7)	-	(7)
31 December 2017	20	27	102	5	154
Depreciation for the year	4	1	11	-	16
Depreciation on disposals	-	-	(14)	-	(14)
31 December 2018	24	28	99	5	156
Net book value:					
31 December 2017	16	3	21	2	42
31 December 2018	12	3	13	2	30
Depreciation for the year					
2017 (Baht 7 million included in cost of services, and the balance in administrative expenses)					17
2018 (Baht 4 million included in cost of services, and the balance in administrative expenses)					16

As at 31 December 2018, the Company and its subsidiaries had vehicles and equipment with net book values Baht 48 million (2017: Baht 19 million) (the Company only: Baht 2 million (2017: Baht 4 million)) which were acquired under finance lease agreements.

As at 31 December 2018, certain items of equipment had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 221 million (2017: Baht 182 million) (the Company only: Baht 112 million (2017: Baht 104 million)).

A subsidiary has mortgaged land with structures thereon with a net book value of Baht 533 million (2017: Baht 547 million) as collateral against a long-term loan facility of Baht 250 million from a bank.

12. Intangible assets

(Unit: Million Baht)

	Consolidated financial statements					Total
	Website copyright	Films, music and video copyright	Other copyright	Program computer	Advance payments and work in process	
Cost:						
1 January 2017	83	1,919	265	66	479	2,812
Additions	-	1	1	6	1,137	1,145
Disposals	-	(496)	(9)	-	-	(505)
Transfers in (out)	-	835	46	-	(881)	-
31 December 2017	83	2,259	303	72	735	3,452
Additions	-	3	1	2	1,291	1,297
Disposals	-	(789)	(2)	-	-	(791)
Transfers in (out)	-	1,157	121	15	(1,293)	-
31 December 2018	83	2,630	423	89	733	3,958
Accumulated amortisation:						
1 January 2017	33	708	66	26	-	833
Amortisation for the year	5	773	44	12	-	834
Amortisation on disposals	-	(496)	(9)	-	-	(505)
31 December 2017	38	985	101	38	-	1,162
Amortisation for the year	9	910	49	13	-	981
Amortisation on disposals	-	(789)	(1)	-	-	(790)
31 December 2018	47	1,106	149	51	-	1,353
Allowance for impairment loss:						
1 January 2017	13	11	-	-	3	27
Increase during the year	-	1	4	-	-	5
31 December 2017	13	12	4	-	3	32
31 December 2018	13	12	4	-	3	32
Net book value:						
31 December 2017	32	1,262	198	34	732	2,258
31 December 2018	23	1,512	270	38	730	2,573
Amortisation for the year						
2017 (Baht 829 million included in cost of services, and the balance in administrative expenses)						834
2018 (Baht 977 million included in cost of services, and the balance in administrative expenses)						981

(Unit: Million Baht)

	Separate financial statements				Total
	Website copyright	Films, music and video copyright	Program computer	Advance payments and Work in process	
Cost:					
1 January 2017	11	21	19	104	155
Additions	-	-	4	48	52
Disposals	-	-	-	(102)	(102)
31 December 2017	11	21	23	50	105
Additions	-	-	1	7	8
Transfers in (out)	-	54	-	(54)	-
31 December 2018	11	75	24	3	113
Accumulated amortisation:					
1 January 2017	4	8	4	-	16
Amortisation for the year	-	1	5	-	6
31 December 2017	4	9	9	-	22
Amortisation for the year	1	7	3	-	11
31 December 2018	5	16	12	-	33
Allowance for impairment loss:					
1 January 2017	1	11	-	-	12
31 December 2017	1	11	-	-	12
31 December 2018	1	11	-	-	12
Net book value:					
31 December 2017	6	1	14	50	71
31 December 2018	5	48	12	3	68
Amortisation for the year					
2017 (Baht 2 million included in cost of services, and the balance in administrative expenses)					6
2018 (Baht 8 million included in cost of services, and the balance in administrative expenses)					11

13. Cost of spectrum license

Mono Broadcast Company Limited (“Mono Broadcast”) won a digital TV spectrum license auction for variety Standard Definition (SD) (“the license”) held by the National Broadcasting and Telecommunications Commission (“NBTC”). The license is valid for 15 years from the date of the license (25 April 2014). Mono Broadcast was required to make payment for the bid price of Baht 2,250 million (exclusive of VAT) under the following payment conditions:

- 1) Payment of the minimum bid price, amounting to Baht 380 million, was to be paid in 4 installments, in accordance with the conditions stipulated by NBTC, within 3 years of the date the license was granted.
- 2) The portion of the license fees in excess of the minimum bid price, amounting to Baht 1,870 million, was to be paid in 6 installments, in accordance with the conditions stipulated by NBTC, within 5 years from the date the license was granted.

Mono Broadcast 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.

In compliance with preconditions to receive the license, on 17 January 2014, Mono Broadcast entered into a lease agreement to lease for digital terrestrial television service with the Royal Thai Army Radio and Television Station (“RTART”) to broadcast digital television signal via RTART multiplexes. The service will be valid from 17 January 2014 to 31 May 2028 and Mono Broadcast must pay a monthly service fee as stipulated in the agreement.

Subsequently, on 20 December 2016, an announcement in the Government Gazette informed licensees who intend to extend the period of payment of the remaining license fee to notify the Office of NBTC. Mono Broadcast did this, through a letter dated 2 February 2017, and on 22 February 2017 received a letter from the Office of NBTC approving an extension of the term for payment of the remaining license fee, together with interest, in accordance with the terms and conditions stipulated by NBTC. Following the extension, Mono Broadcast is therefore required to pay the remaining license fee of Baht 1,160 million (the cost of the spectrum license based on the bid price (exclusive of VAT) as at that date) as follows:

- 1) Payment of the remainder of the minimum bid price, amounting to Baht 38 million, is to be paid in 2 installments, in accordance with the conditions stipulated by NBTC, within 4 years of the date the license was granted.
- 2) The portion of the license fees in excess of the minimum bid price, amounting to Baht 1,122 million, is to be paid in 6 installments, in accordance with the conditions stipulated by NBTC, within 8 years from the date the license was granted.

During the year 2017, Broadcast paid Baht 206 million of the bid price of the spectrum license and provided a bank guarantee to NBTC as a guarantee of payment of the remaining amount.

An announcement in the Government Gazette on 23 May 2018 informed licensees who intend to suspend the payment of the remaining license fee to notify the Office of National Broadcasting and Telecommunications Commission (“NBTC”). Mono Broadcast did this, through a letter dated 23 May 2018, and on 5 June 2018 received a letter from the Office of NBTC approving a suspension of the payment of the remaining license fee, together with interest, in accordance with the terms and conditions stipulated by NBTC. Following the suspension, Mono Broadcast is therefore required to pay the remaining license fee of Baht 954 million (the cost of the spectrum license based on the bid price as at that date (exclusive of VAT)) as follows:

- 1) The remainder of the minimum bid price, amounting to Baht 19 million, is to be paid in full, in accordance with the conditions stipulated by NBTC, within 7 years of the date the license was granted.
- 2) The portion of the license fees in excess of the minimum bid price, amounting to Baht 935 million, is to be paid in 5 installments, in accordance with the conditions stipulated by NBTC, within 11 years from the date the license was granted.

As a result of the above matter, Mono Broadcast recalculated the value of the cost of spectrum license payable, using the existing effective interest rate and new payment terms approved by NBTC, and recorded the difference from the recalculation of the cost of spectrum license payable, amounting to approximately Baht 75 million, as a separate item in the profit or loss for the year.

Movements in the cost of spectrum license payable account during the period are summarised below.

	(Unit: Million Baht)
	Consolidated
	<u>financial statements</u>
Balance as at 1 January 2018	901
Less: Difference from the recalculation of the cost of spectrum license payable as a result of modification of the terms of payment of the spectrum license fee	(75)
Amortisation of deferred interest expenses for the year	31
Interest payment during the year	(6)
Balance as at 31 December 2018	<u><u>851</u></u>

In addition, on 19 December 2018, the Monetary Policy Committee (“NPC”) passed a resolution to raise the policy rate by 0.25 percentage point, from 1.50 to 1.75 percent per annum, effective immediately. The licensees who the Office of NBTC approved the extension of the period of payment and the suspension of the payment of the license fee must pay interests at such rates during the extension and suspension periods.

The net book value of cost of spectrum license is presented below.

	(Unit: Million Baht)	
	Consolidated financial statements	
	<u>2018</u>	<u>2017</u>
Cost	1,932	1,932
Less: Accumulated amortisation	<u>(604)</u>	<u>(475)</u>
Net book value	<u><u>1,328</u></u>	<u><u>1,457</u></u>

During the year, Mono Broadcast amortised cost of spectrum license amounting to Baht 129 million (2017: Baht 129 million).

14. Bank overdrafts and short-term loans from banks

Bank overdrafts and short-term loans from banks of the Company and its subsidiaries, on which interest is charged at a rate close to the Minimum Overdraft Rate and Minimum Loan Rate, respectively, are secured by the Company and its subsidiaries.

15. Trade and other payables

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payables - related parties (Note 6)	6	11	27	74
Trade payables - unrelated parties	34	41	12	21
Other payables - related parties (Note 6)	40	19	47	32
Other payables - unrelated parties	79	66	16	19
Accrued expenses	101	90	14	29
Accounts payable for purchases of assets	<u>164</u>	<u>92</u>	<u>-</u>	<u>5</u>
Total trade and other payables	<u><u>424</u></u>	<u><u>319</u></u>	<u><u>116</u></u>	<u><u>180</u></u>

16. Long-term loans from banks

			(Unit: Million Baht)	
			Consolidated	
			financial statements	
Loan	Interest rate	Repayment schedule	<u>2018</u>	<u>2017</u>
			(Percent)	
1	MLR minus a certain spread with reference to the agreement	The loan is to be settled on a quarterly basis in 24 installments. The first installment will be due on 30 September 2017 and settlement is to be completed by 30 June 2023.	1,275	1,325
2	MLR minus a certain spread with reference to the agreement	The loan is to be settled on a monthly basis in 84 installments. The first installment was due on 31 December 2017 and settlement is to be completed by 31 May 2023.	168	198
Total			<u>1,443</u>	<u>1,523</u>
Less: Current portion			<u>(109)</u>	<u>(82)</u>
Long-term loans from banks - net of current portion			<u><u>1,334</u></u>	<u><u>1,441</u></u>

Movements in the long-term loan from bank account during the year are summarised below.

		(Unit: Million Baht)
		Consolidated
		financial statements
Balance as at 1 January 2018		1,523
Less: Repayment		<u>(80)</u>
Balance as at 31 December 2018		<u><u>1,443</u></u>

The subsidiaries' long-term loans are secured by the mortgage of a subsidiary's land with structures thereon, as described in Note 11 to the consolidated financial statements, the assignment of rights to receive all service income from areas and the provision of guarantees by the Company.

The loan agreements stipulate certain practices and covenants such as the maintenance of certain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements, and the shareholdings of current shareholders.

As at 31 December 2018 and 2017, the Company and its subsidiaries had no long-term credit facilities which have not yet been drawn down.

17. Cost of spectrum license payable

	(Unit: Million Baht)	
	Consolidated	
	financial statements	
	<u>2018</u>	<u>2017</u>
Cost of spectrum license payable	954	954
Less: Deferred interest expenses	<u>(103)</u>	<u>(53)</u>
Total	851	901
Less: Portion due within one year	<u>(7)</u>	<u>(206)</u>
Cost of spectrum license payable - net of current portion	<u>844</u>	<u>695</u>

Cost of spectrum license payable was required to make payment on a yearly basis. This will be completed by the year 2022, as described in Note 13 to the consolidated financial statements.

18. Liabilities under finance lease agreements

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Liabilities under finance lease agreements	37	14	-	1
Less: Deferred interest expenses	<u>(3)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Total	34	13	-	1
Less: Portion due within one year	<u>(16)</u>	<u>(7)</u>	<u>-</u>	<u>(1)</u>
Liabilities under finance lease agreements - net of current portion	<u>18</u>	<u>6</u>	<u>-</u>	<u>-</u>

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 4 years.

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

(Unit: Million Baht)

	As at 31 December 2018					
	Consolidated			Separate		
	financial statements			financial statements		
	Less than			Less than		
1 year	1-4 years	Total	1 year	1-4 years	Total	
Future minimum lease payments	18	19	37	-	-	-
Deferred interest expenses	(2)	(1)	(3)	-	-	-
Present value of future minimum lease payments	16	18	34	-	-	-

(Unit: Million Baht)

	As at 31 December 2017					
	Consolidated			Separate		
	financial statements			financial statements		
	Less than			Less than		
1 year	1-4 years	Total	1 year	1-4 years	Total	
Future minimum lease payments	8	6	14	1	-	1
Deferred interest expenses	(1)	-	(1)	-	-	-
Present value of future minimum lease payments	7	6	13	1	-	1

19. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Provision for long-term employee benefits at beginning of year	44	36	19	17
Included in profit or loss (included in administrative expenses):				
Current service cost	6	7	2	2
Interest cost	2	1	1	-
Provision for long-term employee benefits at end of year	<u>52</u>	<u>44</u>	<u>22</u>	<u>19</u>

The Company and its subsidiaries expect to pay Baht 3 million (2017: Nil) of long-term employee benefits during the next year (the Company only: Nil (2017: Nil)).

As at 31 December 2018 and 2017, the weighted average duration of the liabilities for long-term employee benefit was 17 years (the Company only: 17 years).

Significant actuarial assumptions are summarised below:

	(Unit: Percent per annum)	
	<u>Consolidated/Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>
Discount rate	3.5	3.5
Salary increase rate	5	5

The result of sensitivity analysis on significant assumptions that increase (decrease) the present value of the long-term employee benefit obligation is summarised below:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount rate				
Increase 50 basis points	(5)	(5)	(2)	(2)
Decrease 50 basis points	2	2	1	1
Salary increase rate				
Increase 100 basis points	7	7	3	3
Decrease 100 basis points	(8)	(8)	(4)	(4)

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 18 million (The Company only: Baht 8 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

20. Share capital

	Approve by	Ordinary shares	Par value	Registered share capital	Registration date
		(Shares)	(Baht per share)	(Baht)	
Balance as at 1 January 2017		4,984,999,975	0.1	498,499,998	
1) Cancellation of unissued ordinary shares	Annual General Meeting of the shareholders on 26 April 2017	(122,000,000)	0.1	(12,200,000)	8 May 2017
2) Issue of ordinary shares under a general mandate	Annual General Meeting of the shareholders on 26 April 2017	<u>334,000,000</u>	0.1	<u>33,400,000</u>	9 May 2017
Balance as at 31 December 2017		5,196,999,975		519,699,998	
1) Cancellation of unissued ordinary shares	Annual General Meeting of the shareholders on 25 April 2018	<u>(334,000,000)</u>	0.1	<u>(33,400,000)</u>	22 May 2018
Balance as at 31 December 2018		<u>4,862,999,975</u>		<u>486,299,998</u>	

	Ordinary shares	Par value	Issued and fully paid-up share capital	Premium on ordinary shares	Registration date
	(Share)	(Baht per share)	(Baht)	(Baht)	
Balance as at 1 January 2017	3,200,935,537	0.1	320,093,554	2,935,691,191	
1) On 12 and 13 January 2017, the Company allotted the 143 million newly issued ordinary shares to certain investors by way of private placements at an offering price of Baht 2.85 per share, or for a total amount of Baht 407.55 million.	143,000,000	0.1	14,300,000	393,250,000	19 January 2017
2) On 29 September 2017, the Company allotted additional ordinary shares as a result of the exercise of warrants to purchase newly issued ordinary shares (Note 21)	<u>46,804,687</u>	0.1	<u>4,680,469</u>	<u>111,956,811</u>	4 October 2017
Balance as at 31 December 2017	3,390,740,224		339,074,023	3,440,898,002	

	Ordinary shares	Par value	Issued and fully paid-up share capital	Premium on ordinary shares	Registration date
	(Share)	(Baht per share)	(Baht)	(Baht)	
1) On 29 December 2017, the Company allotted additional ordinary shares as a result of the exercise of warrants to purchase newly issued ordinary shares (Note 21)	6,448	0.1	645	15,424	8 January 2018
2) On 30 March 2018, the Company allotted additional ordinary shares as a result of the exercise of warrants to purchase newly issued ordinary shares (Note 21)	<u>80,282,986</u>	0.1	<u>8,028,298</u>	<u>192,036,903</u>	4 April 2018
Balance as at 31 December 2018	<u><u>3,471,029,658</u></u>		<u><u>347,102,966</u></u>	<u><u>3,632,950,329</u></u>	

21. Warrants

On 12 September 2014, the Extraordinary General Meeting of the Company's shareholders passed a resolution approving the issuance of a first tranche of 1,540 million warrants to purchase the Company's ordinary shares (MONO-W1) to existing shareholders, free of charge. The warrants, which were issued in a ratio of 15 warrants for every 14 existing ordinary shares, have an exercise period of 5 years from the date of issuance, and are exercisable every 3 months. One warrant provides the right to purchase 1 ordinary share (with a par value of Baht 0.1 each) at an exercise price of Baht 2.5. The first exercise date is the last business day of December 2014. The Company issued and allocated the warrants to the existing shareholders on 17 October 2014.

On 2 June 2016, the Company passed a resolution approving an adjustment of the exercise price and the exercise ratio of MONO-W1 for the purpose of preserving the interests of the holders, from the existing exercise price of Baht 2.5 per share to Baht 2.492 per share and from the existing exercise ratio of 1 warrant to 1 ordinary share to 1 warrant to 1.003 ordinary shares.

Subsequently, on 3 May 2018, the Company passed a resolution approving an adjustment of the exercise price and the exercise ratio of MONO-W1 for the purpose of preserving the interests of the holders, from the existing exercise price of Baht 2.492 per share to Baht 2.464 per share and from the existing exercise ratio of 1 warrant to 1.003 ordinary shares to 1 warrant to 1.015 ordinary shares.

Details of the exercises of warrants are as follows:

Exercise date	Exercised warrants (Warrants)	Cash received from exercises (Million Baht)	Issued and fully paid-up share capital (Million Baht)	Registration date
23-29 December 2014	121,183	-	308	8 January 2015
31 March 2015	814,379	2	308	8 April 2015
30 September 2015	20,000,000	50	310	5 October 2015
29 September 2017	46,664,694	117	339	4 October 2017
29 December 2017	6,430	-	339	8 January 2018
30 March 2018	80,042,858	200	347	4 April 2018

As at 31 December 2018, 1,352,353,083 warrants (2017: 1,432,395,941 warrants) were unexercised.

22. 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.

23. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Salaries, wages and other employee benefits	527	542	158	178
Cost of mobile value added services	73	180	170	542
Depreciation and amortisation	1,214	1,059	27	23
Advertising and sales promotion expenses	154	114	17	31
Utilities expenses	43	103	69	68

24. Income tax

Income tax (income) expenses for the years are made up as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current income tax charge	3	5	-	-
Adjustment in respect of income tax of previous year	-	1	-	1
Deferred tax:				
Relating to origination and reversal of temporary differences	12	(49)	(9)	(1)
Income tax income reported in the statement of comprehensive income	<u>15</u>	<u>(43)</u>	<u>(9)</u>	<u>-</u>

The reconciliation between accounting profit (loss) and income tax (income) expenses is shown below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit (loss) before tax	(179)	15	(78)	54
Applicable tax rate (percent)	20	20	20	20
Accounting profit (loss) before tax multiplied by				
income tax rate	(36)	3	(16)	11
Adjustment in respect of income tax of previous year	-	1	-	1
Utilisation of previously unrecognised tax losses	(6)	-	-	-
Effects of reversal of temporary differences				
and tax loss recognised in the past	15	25	-	-
Effects of eliminating entries on the consolidated				
financial statements	20	-	-	-
Effects of:				
Exception of income	(15)	-	-	-
Promotional privileges (Note 25)	(1)	(25)	-	-
Dividend income	-	-	-	(32)
Tax loss for the year for which a deferred tax asset				
was not recognised	38	35	6	9
Temporary difference and tax loss				
for the prior years for which deferred tax assets				
were recognised	-	(82)	-	-
Others	-	-	1	11
Income tax income reported in the statement				
of comprehensive income	<u>15</u>	<u>(43)</u>	<u>(9)</u>	<u>-</u>

The tax rates enacted at the end of the reporting period of the subsidiaries in overseas countries are between 16.5 and 25 percent (2017: 16.5 and 25 percent).

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	Statements		Profit or loss	
	of financial position		in statements of	
			comprehensive income	
	As at 31 December		For the years ended	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax assets (liabilities)				
Allowances for sales return and doubtful accounts	-	-	-	(4)
Accumulated amortisation - intangible assets	(8)	(10)	2	1
Cost of spectrum license	23	37	(14)	37
Provision for long-term employee benefits	7	6	1	-
Unused tax loss	215	216	(1)	16
Others	1	1	-	(1)
Deferred tax relating to origination and reversal of temporary differences			(12)	49
Deferred tax assets - net	<u>238</u>	<u>250</u>		
Presented as follows:				
Deferred tax assets	245	259		
Deferred tax liabilities	(7)	(9)		
Total	<u>238</u>	<u>250</u>		

(Unit: Million Baht)

	Separate financial statements			
	Statements		Profit or loss	
	of financial position		in statements of	
			comprehensive income	
	As at 31 December		For the years ended	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax assets (liabilities)				
Accumulated amortisation - intangible assets	(1)	(1)	-	-
Provision for long-term employee benefits	5	4	1	-
Unused tax loss	8	-	8	+
Others	-	-	-	1
Deferred tax relating to origination and reversal of temporary differences			9	1
Deferred tax assets - net	<u>12</u>	<u>3</u>		

As at 31 December 2018, the subsidiaries had deductible temporary differences and unused tax losses totaling Baht 998 million (2017: Baht 806 million), on which deferred tax assets have not been recognised as the subsidiaries believe that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses amounting to Baht 924 million will expire by 2023.

25. Promotional privileges

Mono Info Systems Company Limited (“MIS”) has received promotional privileges from the Board of Investment for the software business, pursuant to the investment promotion certificate No. 1029(7)/2554 issued on 11 January 2011. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date of the promoted operations begin generating revenues (31 July 2011).

MIS’s revenues from the promoted operations for the year ended 31 December 2018 amounted to Baht 25 million (2017: Baht 175 million).

26. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) 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.

Diluted 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 plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place at the beginning of the year.

The following table sets forth the computation of basic and diluted earnings (loss) per share:

Consolidated financial statements						
	Profit (loss)		Weighted average		Earnings (loss)	
	for the year		number of		per share	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million Baht)	(Million Baht)	(Million shares)	(Million shares)	(Baht)	(Baht)
Basic earnings (loss) per share						
Profit (loss) attributable to equity holders of the Company	(193)	58	3,451	3,352	(0.056)	0.017
Effect of dilutive potential ordinary shares						
Warrants offered to existing shareholders	-	-	228	490		
Diluted earnings per share						
Profit (loss) attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>(193)</u>	<u>58</u>	<u>3,679</u>	<u>3,842</u>	Anti-diluted	0.015
Separate financial statements						
	Profit (loss)		Weighted average		Earnings (loss)	
	for the year		number of		per share	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million Baht)	(Million Baht)	(Million shares)	(Million shares)	(Baht)	(Baht)
Basic earnings (loss) per share						
Profit (loss) attributable to equity holders of the Company	(69)	54	3,451	3,352	(0.020)	0.016
Effect of dilutive potential ordinary shares						
Warrants offered to existing shareholders	-	-	228	490		
Diluted earnings per share						
Profit (loss) attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>(69)</u>	<u>54</u>	<u>3,679</u>	<u>3,842</u>	Anti-diluted	0.014

27. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiaries and their employees contribute to the fund monthly at the rates of 3-7 percent of basic salary. The fund, which is managed by TISCO Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to Baht 18 million (2017: Baht 15 million) (the Company only: Baht 7 million (2017: Baht 6 million)) were recognised as expenses.

28. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht per share)
Final dividends for 2016	Annual General Meeting of the shareholders on 26 April 2017	100	0.03
Interim dividends for 2017	Board of Directors meeting on 8 November 2017	102	0.03
Total dividends paid for 2017		<u>202</u>	<u>0.06</u>
Final dividends for 2017	Annual General Meeting of the shareholders on 25 April 2018	104	0.03
Total dividends paid for 2018		<u>104</u>	<u>0.03</u>

29. 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's and its subsidiaries' operations are carried on mainly in Thailand. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable geographical area.

The following table presents revenue and profit information regarding the Company's and its subsidiaries' operating segments for the years.

(Unit: Million Baht)

	Media		Content		Adjustments		Consolidation	
	business ⁽¹⁾		business ⁽²⁾		and			
	2018	2017	2018	2017	2018	2017	2018	2017
Sales and service income								
Revenues from external customers	2,193	2,371	206	158	-	-	2,399	2,529
Inter-segment revenues	-	-	459	258	(459)	(258)	-	-
Total revenues	<u>2,193</u>	<u>2,371</u>	<u>665</u>	<u>416</u>	<u>(459)</u>	<u>(258)</u>	<u>2,399</u>	<u>2,529</u>
Segment profit (loss)	725	914	(232)	(224)			493	690
Unallocated income and expenses:								
Other income							109	47
Selling and servicing expenses							(171)	(139)
Administrative and other expenses							(485)	(450)
Reversal of allowance for impairment of investment in a joint venture							4	-
Finance cost							(129)	(133)
Income tax income							(14)	43
Profit (loss) for the year							<u>(193)</u>	<u>58</u>

(1) Media business consists of TV, radio, online and portable devices.

(2) Content business consists of movie business, sports business, music business, entertainment business, games business, travel business and horoscope business.

For the years 2018 and 2017, the Company and its subsidiaries have revenues from two major customers, arising from media and content businesses.

30. Commitments and contingent liabilities

30.1 Capital commitments

As at 31 December 2018, the subsidiaries had capital commitments of approximately Baht 380 million (2017: Baht 530 million), relating to the purchases of movie rights.

30.2 Guarantees

- a) The Company has guaranteed bank credit facilities of its subsidiaries (exclusive of guarantees provided for bank guarantees as described in Note 30.2 c) to the consolidated financial statements) totaling Baht 1,727 million (2017: Baht 1,800 million).
- b) The subsidiaries have guaranteed bank credit facilities of the Company amounting to Baht 35 million (2017: Baht 35 million).
- c) As at 31 December 2018, the Company and its subsidiaries had outstanding bank guarantees of Baht 1,038 million and USD 10 million (2017: Baht 1,041 million and USD 6 million) (the Company only: Baht 2 million (2017: Baht 5 million)) issued by banks on behalf of the Company and its subsidiaries to guarantee contractual performance. The bank guarantees are secured by guarantees provided by the Company and its subsidiaries and pledges of their saving deposits.

30.3 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 service contracts. The terms of the agreements were generally between 1 and 15 years.

Future minimum lease and service payments required under these non-cancellable operating lease and service contracts were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Payable:				
in up to 1 year	151	159	35	31
in over 1 year and up to 5 years	238	288	8	34
in over 5 years	250	312	-	-

30.4 Litigation

- a) In June 2015, the Company was sued by an unrelated company through the Central Intellectual Property and International Trade Court in a civil case and criminal case that the Company infringed the copyright to broadcast a live sports program, seeking compensation of Baht 34 million plus interest at a rate of 7.5 percent per annum on the principal until settlement is completed.

On 17 January 2017, the Central Intellectual Property and International Trade Court announced its judgement on the lawsuit in a civil case. The Court of First Instance ordered the Company to pay compensation of Baht 3 million plus interest on the principal at a rate of 7.5 percent per annum until settlement is completed. Subsequently, on 4 April 2017, the Company appealed the judgement of the Court of First Instance to the Court of Appeal for Specialized Cases, and on 29 January 2018, the Court of Appeal for Specialized Cases read its judgement in the civil case, which was to order dismissal of the plaintiff's action. The Company therefore does not need to pay compensation in accordance with the judgement of the Court of First Instance.

On 25 April 2017, the Central Intellectual Property and International Trade Court read its judgement on the lawsuit in the criminal case, which was to order the Company to pay compensation of Baht 0.1 million. On 25 July 2017, the Company appealed the judgement of the Court of First Instance to the Court of Appeal for Specialized Cases, and on 27 February 2018, the Court of Appeal for Specialized Cases read its judgement in the criminal case, which was to order dismissal of the plaintiff's action. The Company therefore does not need to pay compensation in accordance with the judgement of the Court of First Instance.

However, on 7 May 2018, the plaintiff appealed the judgements of the Court of Appeal for Specialized Cases in both the civil case and the criminal case to the Supreme Court. The appeals are currently being considered by the Supreme Court.

- b) In July 2017, the Company was sued by an unrelated company through the Central Intellectual Property and International Trade Court in a criminal case for infringement on the online broadcast rights of video and audio content via its website.

On 15 December 2017, the Central Intellectual Property and International Trade Court accepted the lawsuit. Subsequently, on 6 November 2018, the court ordered dismissal of the plaintiff's action. The plaintiff can appeal the judgement of the court until 6 March 2019.

- c) In August 2018, the Company and its subsidiary were sued by an unrelated individual through the Central Intellectual Property and International Trade Court in a criminal case for infringement of copyright in literary works, seeking compensation of Baht 7.15 million, as well as future damages of approximately Baht 50,000 per month from the date of the lawsuit until the date on which the infringement of the copyright ceases. The court set a date of 25 March 2019 for preliminary examination.

The Company's and its subsidiary's management is confident that no significant losses will be incurred as a result of the lawsuit, and therefore no provision has been made for the contingent liabilities in its accounts.

31. Financial instruments

31.1 Financial risk management

The Company's 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, loans, trade and other payables, short-term and long-term borrowings 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 are exposed to credit risk primarily with respect to trade and other receivables and loans. The Company and its subsidiaries manage 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 subsidiaries are exposed to concentrations of credit risk with respect to trade receivables because they have 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 loans as stated in the statement of financial position.

Interest rate risk

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

Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arises mainly from trading and service transactions or loans that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts from time to time when they consider appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2018, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Kyat	2	-	27	-	0.0209	0.0239
US dollar	-	-	3	-	32.4498	32.6809

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Kyat	2	-	27	-	0.0209	0.0239

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2018				
Foreign currency	Bought amount	Contractual exchange rate of bought amount	Maturity date	Fair value loss
	(Million)	(Baht per 1 foreign currency unit)		(Million Baht)
US dollar	1	33.02 - 33.17	14 and 22 February 2019	0.4

As at 31 December 2017				
Foreign currency	Bought amount	Contractual exchange rate of bought amount	Maturity date	Fair value loss
	(Million)	(Baht per 1 foreign currency unit)		(Million Baht)
US dollar	1	33.09	15 May 2018	0.5

As at 31 December 2018 and 2017, the subsidiary had the liabilities for which fair value is disclosed as derivatives - foreign currency forward contracts. The liabilities for which fair value is disclosed in the consolidated financial statements are categorised within the fair value hierarchy as Level 2.

31.2 Fair values of financial instruments

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

The Company and its subsidiaries estimate the fair value of derivatives using the methods and assumptions that their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The Company and its subsidiaries had considered to counterparty credit risk when determining the fair value of derivatives.

During the current year, there were no transfers within the fair value hierarchy.

32. Capital management

The primary objective of the Company's and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 1.17:1 (2017: 1.08:1) and the Company's was 0.05:1 (2017: 0.05:1).

33. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2019.