Enclosure 11

The opinions of the Independent Financial Advisor on the connected transaction Regarding provision of financial assistance to the Group of Mr.Takonkiet Viravan

by

GMM Grammy Public Company Limited

Presented to

Shareholders of GMM Grammy Public Company Limited

Prepared by

Jaydee Partners Limited

1 April 2016

This English report of the Independent Financial Advisor's Opinions has been prepared solely for the convenience of foreign shareholders of GMM Grammy Public Company Limited and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

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Glossary

The Company or GRAMMY	GMM Grammy Public Company Limited
The Group	GMM Grammy Public Company Limited and its subsidiaries
The One Enterprise	The One Enterprise Co., Ltd. (formerly known as GMM ONE TV TRADING Co., Ltd.)
GMM ONE TV	GMM ONE TV Co., Ltd. (formerly known as GMM HD DIGITAL TV Co., Ltd.)
Group of The One Enterprise	The One Enterprise Co., Ltd. and its subsidiaries
Me Mi Ti	Me Mi Ti Co., Ltd
ACTS STUDIO	ACTS STUDIO COMPANY LIMITED
Exact Scenario	Exact Scenario Co., Ltd
GMM Channel Trading	GMM Channel Trading Co., Ltd. (formerly known as GMM SD DIGITAL TV TRADING Co., Ltd.)
GMM Channel	GMM Channel Co., Ltd. (formerly known as GMM SD DIGITAL TV Co., Ltd.)
Mr.Takonkiet	Mr. Takonkiet Viravan
Group of Mr.Takonkiet	Mr. Takonkiet Viravan Scenario Co., Ltd and Wan Tam Dee Co., Ltd
Scenario	Scenario Co., Ltd
Wan Tam Dee	Wan Tam Dee Co., Ltd
Licenses	The licenses to use allocated frequencies for national commercial digital television services
License in Variety HD	The licenses to use allocated frequencies for national commercial digital television services in Variety Category (High Definition)
License in Variety SD	The licenses to use allocated frequencies for national commercial digital television services in Variety Category (Standard Definition)
NBTC	The National Broadcasting and Telecommunication Commission
Independent Financial Advisor or IFA	Jaydee Partners Limited
SET	The Stock Exchange of Thailand
SEC	The Securities and Exchange Commission
Connected Transaction Notification	The Notification of Capital Supervisory Board, Tor. Chor. 21/2008 Re: Rules on Connected Transactions dated August 31, 2008 and its amendments, as well as the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and the Acts of Listed Companies concerning Connected Transaction B.E. 2546 (2003) dated November 19, 2003 and its amendments

1 April 2016

To: The Shareholders
GMM Grammy Public Company Limited

Re: Independent Financial Advisor Report on the Connected Transaction

With reference to the resolution of the Board of Directors of GMM Grammy Public Company Limited ("the Company" or "GRAMMY") No.2/2016 dated 10 March 2016, the Board of Directors has approved the connected transaction which is considered as a provision of financial assistance to Mr.Takonkiet Viravan ("Mr. Takonkiet") and related persons of Mr. Takonkiet by providing a guarantee against the loan of THB 1,100 of GMM ONE TV Co., Ltd. ("GMM ONE TV"), which is a company engaging in the business of digital television, secured from a financial institution, in order for GMM ONE TV to use as its revolving capital in the business operation; and approval of the Company to propose that the 2016 Annual General Meeting of Shareholders further approve of the matter.

The Company holds 51% and the Group of Mr. Takonkiet holds 49% of the total issued shares of The One Enterprise Co., Ltd. ("The One Enterprise") (formerly known as GMM ONE TV TRADING Co., Ltd.), and The One Enterprise holds 100% of the total issued shares of GMM ONE TV. In this regard, as Mr. Takonkiet is an executive of the Company (that is, a person holding office in the first four management positions after the highest executive), he is deemed a connected person of the Company pursuant to the Notification of the Capital Market Supervisory Board No. Tor.Jor. 21/2551, Re: Rules on Connected Transactions, and Notification of the Board of Governors of the Stock Exchange of Thailand No. Bor.Jor./Por.22-01, Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, 2003 (collectively, "the Notifications on Connected Transactions").

The Company's provision of a guarantee against the loan of THB 1,100 million of GMM ONE TV is deemed as a guarantee provided against the whole debt obligation under the loan agreement, and is not a guarantee made proportionate to the shareholding of the Company (According to the conditions specified by the financial institution who provides the loan). Consequently, this action is deemed as a provision of financial assistance to a connected person. In addition, as the transaction value of this transaction is greater than 3% of the net tangible asset value of the Company, in order to provide this financial assistance to the connected person, the Company is required to propose that the 2016 Annual General Meeting of Shareholders approve with the votes of no less than three-quarters of the total votes cast by the shareholders attending the Meeting and eligible to vote, without counting the votes cast by the interested shareholders.

In this regard, the Company requires such connected person (the Group of Mr. Takonkiet) to provide a guarantee or procure a guarantee against the whole debt obligation under the banking facilities agreement, whereby such guarantee will not be made proportionate to the shareholding of such connected person.

Furthermore, the Board of Directors' Meeting resolved to approve the Company to propose that the 2016 Annual General Meeting of Shareholders acknowledge the matter in relation to the decrease in the shareholding proportion of the Company in The One Enterprise from the existing proportion of 100% to 51%, and that the Group of Mr.Takonkiet holds 49% of the total issued shares in The One Enterprise, whereby such action was completed in 2015, and that the Company still has a guarantee obligation against the whole amount of the loan under the banking facilities agreement of GMM ONE TV of THB 4,400 million (which is greater than 3.00% of the net tangible asset value of the Company). The guarantee provided thereon was not made proportionate to the shareholding, because such guarantee was provided prior to the decrease in its shareholding proportion of The One Enterprise.

In this regard, the Board of Directors' Meeting deemed it appropriate that the 2016 Annual General Meeting of Shareholders should acknowledge and approve of such matter (with the votes of no less than three-

quarters of the total votes cast by the shareholders attending the Meeting and eligible to vote, without counting the votes cast by the interested shareholders) as if this is an entering into a connected transaction.

According to the Board of Directors Meeting No.2/2016 dated 10 March 2016, the Board of Directors has approved the appointment of JayDee Partners Limited ("independent financial advisor" or "the IFA"), as financial advisor approved by the Office of the Securities and Exchange Commission ("the SEC") and JayDee Partners Limited does not have any relationship with the Company, and is authorized to be an independent financial advisor of the Company to provide an opinion to shareholders as supporting information for their voting consideration with respect to this connected transaction of the Company.

This IFA report was prepared based on the information gathered from interviews with the Company's management, documents provided by the Company, publicly available information as well as the IFA's assessment of current economic conditions. Any significant changes to this information in the future may alter the IFA's opinion on the transaction accordingly. Information and documents used in preparing this report included but are not limited to the following:

- The resolutions of the Company's Board of Director's Meetings relating to the transaction
- Information Memorandum on the Connected Transaction
- Information of the transaction which is disclosed through the information service system of the SET and/or website and/or public
- Information disclosure (Form 56-1) and Annual Report as of FY 2014 of the Company
- The Company's audited financial statements for the year ended 31 December 2013 - 2015
- The One Enterprise's audited separate financial statements for the year ended 31 December 2013 – 2014
- The One Enterprise's audited consolidated financial statements for the year ended 31 December 2015
- Contracts relating to the transaction
- Information from interviews with the Company's managements
- Information and documents obtained from the Company

In addition, the IFA's opinion was based on the following assumptions:-

- All information and documents provided by the Company and the interviews with management were valid and true. The opinion obtained was credible and close to the current situation.
- No past events or imminent events or impending events would create significant negative impacts on the Company's operating performance, The One Enterprise's operating performance and its subsidiaries of The One Enterprise's operating performance.
- All business contracts related to the Company, The One Enterprise and its subsidiaries of The One Enterprise were legal and binding. There would not be any amendments, revocation nor cancellation of the laws related to the Transactions.

The IFA has prepared this report on 11 March 2016 and hereby certified that we have studied, analyzed and prudently performed our duties as an Independent Financial Advisor, complying with the generally accepted professional standard and rendered our opinion based on the unbiased analysis with regards to the best benefit of the shareholders. However, it is important to note that the IFA's opinions are based on the information and documents received from the Company and other publicly available information. The IFA assumes that such information is accurate and reliable at the time the IFA prepared this opinion report. However, if such information is found to be inaccurate and/or incomplete and/or unreliable and/or have any significant changes in the future, the opinion provided by the IFA may differ accordingly. As a result, the IFA is unable to be held responsible for any adverse impacts on the Company and its shareholders resulting from the transaction. In addition, the objective of this report is merely to provide an opinion on the Transactions to the Company's shareholders only. Notwithstanding, the decision to vote is the sole discretion of the shareholders, which shall include the consideration of advantages, disadvantages, and risk associated with the Transactions as well as consideration of the attached documents submitted to the shareholders along with the invitation letter so as to make the most appropriate decision. In this regard, the opinion of the IFA does not certify the success of the Transactions as well as the possible impacts to the Company and/or to the Company's shareholders. The IFA does not hold any responsibilities for the impacts that might arise from such transactions both directly and indirectly.

The IFA has considered the reasonableness of the connected transactions of the Company in detail described below:

Executive Summary

The Company has the policy to support the Group of The One Enterprise on capital sources for GMM ONE TV (a subsidiary of The One Enterprise which the Company holds 51.00% stake in) who holds licenses to use allocated frequencies for national commercial digital television services in Variety Category (High Definition) ("License in Variety HD") and who operates Digital TV One channel whose additional working capital for running the Digital TV One channel is going smoothly as planned. Therefore, Board of Directors Meeting No. 2/2016 on March 10, 2016 passed the resolution approving the Company to provide the guarantee on GMM ONE TV's loan to financial intuition for the total amount of THB 1,100 million which is the condition set by the Bank. This guarantee is a financial support that exceeds the Company's shareholding proportion of 51.00% in The One Enterprise. Moreover, the other major shareholders of The One Enterprise, namely, Mr.Takonkiet, Scenario Co., Ltd[1] ("Scenario"), and Wan Tam Dee Co., Ltd[2] ("Wan Tam Dee") (Together called "Group of Mr.Takonkiet"), hold totally 49.00% stake in The One Enterprise and are th connected person of the Company where Mr.Takonkiet (who holds 7.87% stake One Enterprise and is the major shareholder with the significant control in the Scenario and Wan Tam Dee, the companies which have 34.83% and 6.30% stake in The One Enterprise, respectively) holds an executive position in the Company (one of the top 4 executive positions next to the Company's Chief Executive Officer). Thus, the trasactions are considered as the connected transaction pursuant to the Connected Transaction Notification. The consideration value under these transactions at 84.92% of the Company's NTA as of 31 December 2015. Therefore, the Company is obliged to disclose the information about the transaction to the Stock Exchange Of Thailand ("the SET") and to seek approval from the shareholders' meeting at the votes of not less than three-fourths of the total votes of the shareholders attending the meeting and having the rights to vote, excluding the votes of the interested shareholders. Also, the Company has to engage the Independent Financial Advisor to provide opinion regarding the reasonableness of the transaction, the fairness of the transaction price and conditions to the shareholders of the Company.

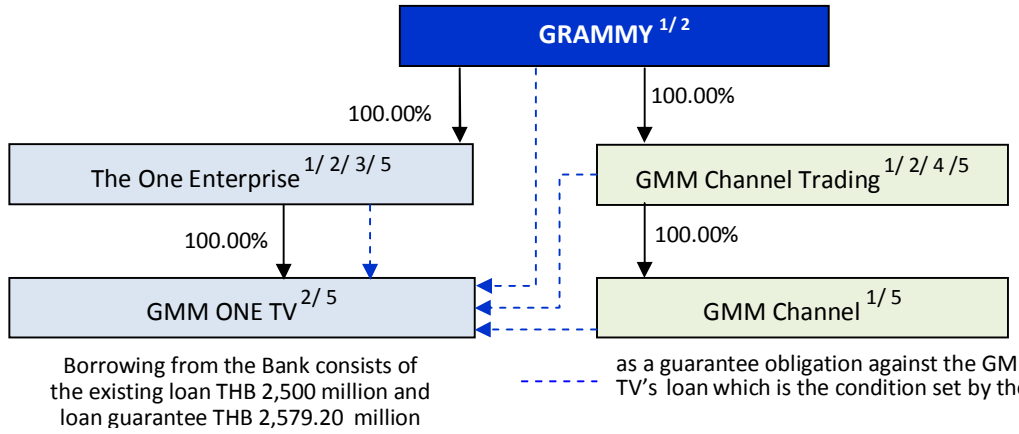
Additionally, the board of directors meeting passed the resolution to inform to the Annual General Meeting 2016 of the Company's existing guarantee obligation which is related to the reduction of the shareholding proportion in The One Enterprise from 100.00% to 51.0% where the Group of Mr.Takonkiet assumed the other 49.00%, all was completed at the end of 2015. Such guarantee obligation is for GMM ONE TV's credit facilities of THB 4,400 million which is not in the proportion to the shareholding as the guarantee occurred prior to Company's ownership reduction in The One Enterprise. The credit facilities with the total amount of THB 4,400 million consist of:

(1) The long term loan for payment of bidding of the License in Variety HD and/or other related expenses with the total amount THB 2,500 million
(2) Facility for letter of guarantee to guarantee the fee payment for the license to broadcast per conditions set by The National Broadcasting and Telecommunication Commission ("NBTC") and guarantee the performance of the contractual obligations in the Rental Agreement of Digital TV Network Services with Royal Thai Army Radio with total amount of THB 1,900 million

Because such financial support exceeds the Company's shareholding portion of 51.00% in The One Enterprise and the other major shareholders of The One Enterprise are connected person as mentioned above, the transaction is considered a connected transaction according to the Connected Transaction Notification regarding on such matter. The size of the transaction equals to 339.67% of the net total assets (NTA) of the Company as of December 31, 2015.

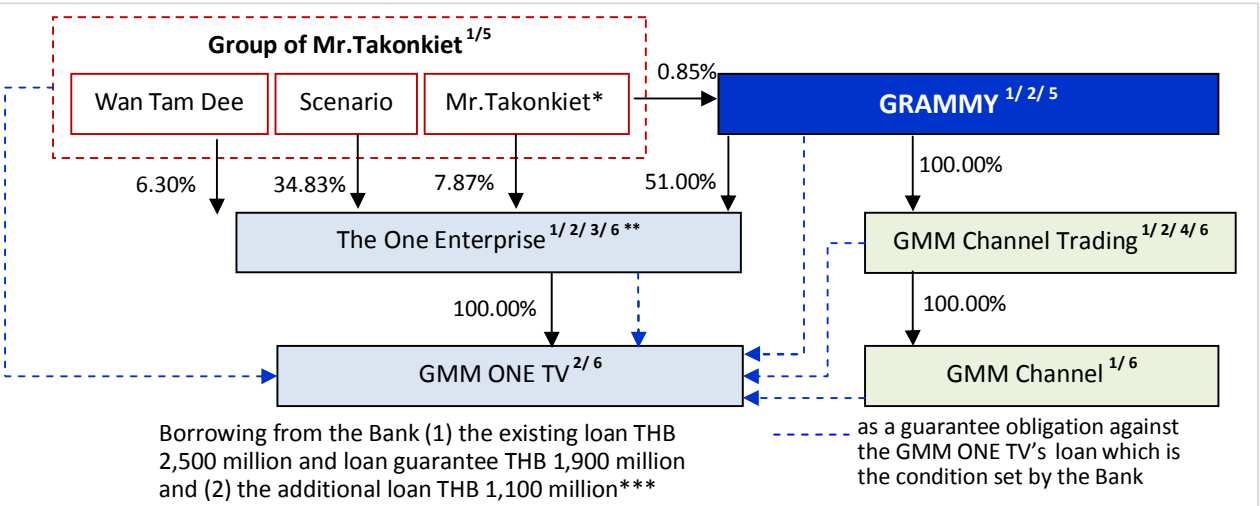
[1] As of 8 April 2015, shareholders of Scenario Company Limited consist of Mr. Takonkiet Viravan (52.50%), GMM Media Public Company Limited (25.00%) and others (22.50%).
[2] As of 8 April 2015, shareholders of Wan Tam Dee Company Limited is Viravan Family which directly and indirectly holds 74.17% of shares.

Diagram : Guarantee Obligation of the Company on GMM ONE TV's debt obligation before the Group of Mr. Takonkiet become the shareholder of The One Enterprise



Remark [1] as a guarantee obligation against the whole amount of GMM ONE TV's loan (THB 5,079.20 million which consists of loan THB 2,500 million and loan guarantee THB 2,579.20 million)
[2] as a guarantee obligation against the whole amount of the GMM Channel's loan (THB 3,552.07 million which consists of loan THB 1,500 million and loan guarantee THB 2,052.07 million)
[3] Pledge of all shares in GMM ONE TV as a security against the THB 5,079.20 million of GMM ONE TV's loan, THB 3,552.07 million of GMM Channel's loan and THB 1,500 million of GRAMMY's loan
[4] Pledge of all shares in GMM Channel as a security against the THB 3,552.07 million of GMM Channel's loan, THB 5,079.20 million of GMM ONE TV's loan and THB 1,500 million of GRAMMY's loan
[5] as a guarantee obligation against the whole amount of GRAMMY's loan (THB 1,500 million)

Diagram : Guarantee Obligation of the Company and the Group of Mr. Takonkiet on GMM ONE TV's debt obligation after the completion of the transaction



Remark [1] as a guarantee obligation against the whole amount of GMM ONE TV's loan (the existing loan THB 4,400 million (which consists of the existing loan THB 2,500 million and loan guarantee THB 1,900 million) and the additional loan THB 1,100 million)
[2] as a guarantee obligation against the whole amount of the GMM Channel's loan (THB 3,226 million which consists of loan THB 1,500 million and the existing loan guarantee THB 1,726 million)
[3] Pledge of all shares in GMM ONE TV as a security against the THB 5,500 million of GMM ONE TV's loan, THB 3,226 million of GMM Channel's loan and THB 1,500 million of GRAMMY's loan
[4] Pledge of all shares in GMM Channel as a security against the THB 3,226 million of GMM Channel's loan,THB 5,500 million of GMM ONE TV's loan and THB 1,500 million of GRAMMY's loan
[5] as a guarantor against the guarantee obligation of the other party who provided to the Bank the guarantee on the GMM ONE TV's debt per it shareholding proportion in The One Enterprise
[6] as a guarantee obligation against the whole amount of GRAMMY's loan (THB 1,500 million)

Remark * Mr.Takonkiet directly and indirectly holds 30.82% of shares in The One Enterprise. Mr.Takonkiet and his connected persons hold 52.50% of Scenario's shares and 74.17% of Wan Tam Dee's shares.
** The One Enterprise is investment in joint ventures of the Company
*** In addition, the Company may need to pledge 51.00% of shares in the One Enterprise as a security against additional loan of GMM ONT TV. However, it depends on the agreement between the Company and financial institution.

The debt obligation of the Company and the subsidiaries of the Company related to The One Enterprise are as follows:

Debt Obligation	Contract date	Guarantor	Credit facility (MB)	The obligation end date
1. The existing credit facility and the guarantee letter facility				
1.1 GMM ONE TV Loan THB 2,500 million [3]	June 5, 2014	GRAMMY	2,500.00	The obligation will end when the loan is fully paid by 2023 according to the loan contract
		The One Enterprise [1]	2,500.00	
		GMM Channel Trading [2]	2,500.00	
		GMM Channel	2,500.00	
1.2 GMM ONE TV Letter of Guarantee THB 2,579.20 million[3] (the remaining amount is around THB 1,900 million) which consists of ○ THB 2,550.88 million to guarantee for the License in Variety HD per conditions set by NBTC. ○ THB 28.32 million to guarantee to perform the contractual obligations in Rental Agreement of Digital TV Network Services.	June 5, 2014	GRAMMY	2,579.20	○ The remaining facility amount is around THB 1,872 million which will end the obligation once the Digital TV License fee are paid by 2019 according to NBTC ○ The facility of THB 28.32 million will obligation end when there is no utilization of the digital TV Network
		The One Enterprise [1]	2,579.20	
		GMM Channel Trading [2]	2,579.20	
		GMM Channel	2,579.20	
1.3 The One Enterprise and GMM ONE TV Loan THB 250 million	December 9, 2015	GRAMMY	127.50	The obligation when the loan is fully paid. It should be noted that the loan is a short term loan and the life of the loan can be extended (revolving)
		Scenario	87.50	
		Mr.Takonkiet	35.00	
1.4 GMM Channel Loan THB 1,500 million	June 5, 2014	GRAMMY	1,500.00	The obligation when the loan is fully paid by 2023 according to the loan agreement
		GMM Channel Trading [2]	1,500.00	
		The One Enterprise [1]	1,500.00	
		GMM ONE TV	1,500.00	
1.5 GMM Channel Letter of Guarantee THB 2,052.07 million (the remaining amount is around THB 1,726 million) which consists of ○ THB 2,042.63 million to guarantee for the License in Variety SD per conditions set by NBTC. ○ THB 9.44 million to guarantee to perform the contractual obligations in Rental Agreement of Digital TV Network Services.	June 5, 2014	GRAMMY	2,052.07	○ The remaining facility amount is around THB 1,726 million which will end the obligation once the Digital TV License fee are paid by 2019 according to NBTC ○ The facility of THB 9.44 million will obligation end when there is no utilization of the digital TV Network
		GMM Channel Trading [2]	2,052.07	
		The One Enterprise [1]	2,052.07	
		GMM ONE TV	2,052.07	
1.6 GRAMMY Loan THB 1,500 million	June 5, 2014	The One Enterprise [1]	1,500.00	The obligation will end when the loan is fully paid by 2023 according to the loan contract
		GMM ONE TV	1,500.00	
		GMM Channel Trading [2]	1,500.00	
		GMM Channel	1,500.00	

Debt Obligation	Contract date	Guarantor	Credit facility (MB)	The obligation end date
2. The additional credit facility which is under consideration by Bank and the transaction is approved from GRAMMY shareholders' meeting				
GMM ONE TV 's short-term Loan of THB 1,100 million[4]	-	GRAMMY[5]	1,100.00	Revolving credit line and the short facility 360 days
		The One Enterprise[1]	1,100.00	
		GMM Channel Trading[2]	1,100.00	
		GMM Channel	1,100.00	
		Group of Mr.Takonkiet	1,100.00	

Remark [1] Pledge of all shares in GMM ONE TV as a security against loan

[2] Pledge of all shares in GMM Channel as a security against loan

[3] In the preliminary result, the Bank requires the Group of Mr. Takonkiet to guarantee the existing facility of THB 4,400 million for the entire amount. Moreover, the Group of Mr. Takonkiet enter into the guarantee contract to guarantee on the guarantee obligation of the Company of THB 4,400 million for GMM ONE TV's existing loan. This is to be in line with the shareholding proportion of the Group of Mr. Takonkiet which is 49.00% in The One Enterprise, while the Company will seek the approval from the shareholders to enter into the guarantee contract to guarantee on the guarantee obligation of the Group of Mr. Takonkiet that the Group has committed to the Bank for GMM ONE TV's THB 4,400 million loan to be in line with its 51.00% shares owned in The One Enterprise. The main reason is for the fairness to limit the liability to the shareholding proportion in The One Enterprise in the event that the Bank demands immediate repayment of the loan.

[4] The Company and the Group of Mr. Takonkiet will enter into the guarantee agreement for guarantee obligation that the other party will provide for GMM ONE TV's additional loan of THB 1,100 million in the shareholding proportion of each in The One Enterprise (after receiving the approval from the shareholders of the Company). The main reason is for the fairness to limit the liability to the shareholding proportion in The One Enterprise in the event that the Bank demands immediate repayment of the loan.

[5] In addition, the Company may need to pledge 51.00% of shares in the One Enterprise as a security against additional loan of GMM ONT TV. However, it depends on the agreement between the Company and financial institution.

Based on our analysis in relation to the appropriateness of the Transactions including the fairness of the Company's provision of financial assistance to the Group of Mr.Takonkiet (the major shareholder holds 49% of shares of The One Enterprise and a connected person of the Company) by the provision of a guarantee against the whole loan secured of THB 1,100 million and the whole banking facilities of THB 4,400 million of GMM ONE TV (which consists of long-term loan of THB 2,500 million and loan guarantee of THB 1,900 million), which are more than 51.00% of the Company's stake in The One Enterpris. IFA views that this transaction **is appropriate** due to the following reasons:

1. The guarantee on GMM ONE TV's additional loan of THB 1,100 million provided by the Company for the entire amount which will help GMM ONE TV to enter into a THB 1,100 credit facility with the Bank for its working capital. Such working capital is needed in order to operate TV Digital ONE channel as planned. In the beginning stage of TV Digital channel operation, GMM ONE TV has a need to use working capital for the production and the sourcing of quality television programs in order to make TV Digital One channel known to the target audience, build the regular audience base, and receive the decent popularity rating. It also has the need to use working capital for other expenses related to digital television business such as payment for of the Digital TV License bidding, annual digital TV license fee, and digital TV network utilization fee in order to maintain the digital TV license and continuously operate TV Digital ONE for the license's entire life of 15 years.

2. The guarantee would will TV Digital One Channel to have sufficient fund to operate the channel continuously as planned, which will help GMM ONE TV's performance and net profit to improve and grow in the future. Consequently, the Company, as a shareholder holding 51.00% in The One Enterprise (holding 100.00 stakes in GMM ONE TV) will also recognize the net profit portion from the performance of The One Enterprise in the financial statements of the Company in the future.

3. The IFA considers the ability to repay the loan of the Group of The One Enterprise in the future on time and in conditions specified by the loan agreement from the cash inflows and cash outflows of each year

either from operating, investing, or financing activities and views that The One Enterprise has the ability to repay the loan of THB 2,500 million. The loan includes the existing long term loan facility, Digital TV license fee, and Digital TV network utilization leasing fee which is payable according to remaining guarantee contract of THB 1,900 million and additional loan of THB 1,100 million. (the loan detail is stated in 1.2.2 of this report)

4. The conditions for the transaction are appropriate as the Company and the Group of Mr.Takonkiet must be the guarantor of the additional loan of THB 1,100 million and the existing credit facility of THB 4,400 million (which consists of long-term loan of THB 2,500 million and loan guarantee of THB 1,900 million) of GMM ONE TV for both amounts per the conditions set by the Bank regarding the policy granting the credit. Moreover, the Group of Mr.Takonkiet agrees to repay the debt liability in proportion of shareholding in The One Enterprise to the Company when the Company is demanded by the Bank to repay GMM ONE TV's debt per condition set by the guarantee contract. This will lower the risk of the Company from being the sole responsible party bearing the debt of GMM ONE TV. (In case there is a breach of contract arose from any events causing the Bank to demand the payment from the Guarantor)

However, there are **disadvantages and risks** that the shareholders should take into consideration before making the decision to approve the transaction as follow :

- The Company has the total increased guarantee obligation on debts of GMM ONE TV of THB 5,500 million (which consists of the additional loan THB 1,100 million and the existing loan THB 4,400 million which consists of long-term loan of THB 2,500 million and loan guarantee of THB 1,900 million) which is more than Company's proportion of shareholding in the subsidiary.

- In the event that there is a breach of contract with the Bank or the business performance of TV Digital ONE Channel does not go as planned making GMM ONE TV unable to repay the debt to the Bank, the Company has the risk as the Bank may demand the partial or whole payment of GMM ONE TV's debt. This would lower the financial status of the Company. However, with the condition specified in the guarantee contract of the Group of Mr.Takonkiet which allows that the debt obligation is to be in the Company's shareholding proportion of 49.00% in The One Enterprise, the impact of the transaction could be lessened to some extent in the event that the Bank demands the payment of GMM ONE TV's loan.

- The risk of the Company in searching for addition source of fun for the capital injection in The One Enterprise which the Company holds 51.00% in the event that The One Enterprise is unable to secure the additional fund from the financial institution and/or the business performance of The One Enterprise is lower than expected. Therefore, The One Enterprise may have to secure additional funds from the shareholders in order to have sufficient working capital to operate the digital TV business and to maintain debt to equity ratio to be in line with the condition set by the Bank.

The details of disadvantages and risks in transaction are presented in Part 1, item 1.2.2, of this report.

Hence, the shareholders should **approve** the entering into of this transaction.

The Impact of the Company in the event that the shareholders grant approve or do not grant the approval the transaction

- In the event that the shareholders' meeting of the Company approves the transaction, the Company will have the guarantee obligation on the debt of GMM ONE TV for the additional amount of THB 1,100 million which will make this financial support to be more than the Company's shares 51.00% in The One Enterprise and will support GMM ONE TV to obtain the source of funds to carry out its business plan. This will also increase the opportunity to receive higher return on the investment in the future of the performance of the ONE Channel is going as the Company expects.

- In the event that the shareholders' meeting of the Company does not approves the transaction, the Company will no longer have the guarantee obligation on the debt of GMM ONE TV for the additional loan amount of THB 1,100 million. For GMM ONE TV, such rejection of the transaction would restrict

GMM ONE TV to enter into a credit agreement of THB 1,100 million with the Bank as it fails to satisfy the conditions set by the Bank. At present, GMM ONE TV is able to partially secure sources of fund (namely, the short-term loan facility of THB 287 million and the debentures that The One Enterprise's board of directors approved of no more than THB 1,000 million where The One Enterprise already one of contacted financial institutions to be the underwriter for the first lot of sales of THB 500 million) but still needs to secure additional sources of fund for THB 380 million. For this reason, GMM ONE TV may have to consider additional borrowing and/or increasing the capital and/or find strategic partners. The Company as a shareholder holding 51.00% in The One Enterprise (which holds 100.00% shares in GMM ONE TV) will need to find additional sources of fund to prepare for the possible capital injection in GMM ONE TV. Nevertheless, in the event that GMM ONE TV cannot seek for the sufficient sources of fund to operate the business planned for whatever reasons, GMM ONE TV may need to adjust its business direction to match the lower liquidity status. This includes production and sourcing quality programs which could affect the popularity rating and the income from the advertising of TV Digital ONE Channel not going as planned. This would result in a lower performance of GMM ONE TV and would impact the ability to pay for the digital TV licenses and/or other expenses bind by the existing business contracts of GMM ONE TV. This includes GMM ONE TV's the ability to repay the existing loan of THB 4,400 million. Failure to repay the loan at the specified period would impact the Company as a guarantor of the GMM ONE TV's debt and has a risk that the Bank would demand the payment from the Company to repay partially or the entire amount of GMM ONE TV's loan which would negatively affect the performance of the Company.

Part 1 : Provision of financial assistance to the Group of Mr. Takonkiet Viravan

1.1 Characteristic and Details of the Transaction

From the Board of Directors Meeting No. 8/2013 on October 3, 2013 which approved the Company or the new established companies (which the Company may hold directly or directly 100.00%) to seek credit from The Bank in order to enter into the open auction for the Digital TV license. This was to support the operating plan of the Company to auction for the Digital TV license that The National Broadcasting and Telecommunication Commission ("NBTC") held on December 2013. The total loan facility of no more than 11,189 million consists of (1) The loan for payment of bidding of the License in Variety HD and/or the licenses to use allocated frequencies for national commercial digital television services in Variety Category (Standard Definition) ("License in Variety SD") and/or other related expenses and (2) Facility for letter of guarantee of performance guarantee per conditions of the Digital TV license and guarantee for auction of Digital TV license with the following as collateral for such facility (1) the guarantee where the Company and/or the subsidiaries related to the digital TV business and (2) the pledge of all shares in the Company's subsidiaries related to digital TV business.

Later in December 2013, the two subsidiaries of the Company won the auction of the Digital TV license with the following details:

- GMM ONE TV Co., Ltd. (100.00% shares are held directly by the Company through The One Enterprise Co., Ltd.) won the auction of Digital TV License in Variety HD for THB 3,320 million
- GMM Channel Co., Ltd. (100.00% shares are held directly by the Company through GMM Channel Trading Co., Ltd.) won the auction of Digital TV License in Variety SD for THB 2,290 million

NBTC later awarded the Digital TV license to both subsidiaries as the auction winners. Both subsidiaries will enter into the credit agreements with the Bank according to resolution from the Board of Directors Meeting No. 8/2013 allowing GMM ONE TV, the holder of License in Variety HD and the operator of digital TV channel under the name "ONE", to enter into credit agreement with the total facilities consist of:

(1) Loan facility with the total amount THB 2,500 Million for the payment of bidding of the License in Variety HD and/or other related expenses
(2) Facility for Letter of Guarantee with the total amount of THB 2,579.20 million to guarantee payments for the lincense in Variety HD per conditions set by NBTC for the remaining minimum price and guarantee the performance of the contractual obligations in the Rental Agreement of Digital TV Network Services to Royal Thai Army Radio

The collaterals for the loan are (1) Pledge of all shares in GMM ONE TV (the holder of License in Variety HD) and all shares in GMM Channel Co., Ltd. (the holder of License in Variety SD) to the Bank as a security except the shares which are owned by the company's directors and/or Natural Persons (2) Guarantee provided by the Company (3) Guarantee provided by GMM Channel Co., Ltd.(the holder of License in Variety SD) (4) Guarantee provided by The One Enterprise Co., Ltd. (5) Guarantee provided by GMM Channel Trading Co., Ltd. to be the guarantors for the entire amount (the details of the credit agreement to GMM ONE TV and the letter of guarantee of GMM ONE TV can be found in 1.1.2 of the report)

Subsequently, the shareholders' Extraordinary General Meeting of the Company No. 1/2015 on February 10, 2015 passed the resolution for the partial waiver of subscription right to the capital increase of ordinary shares in The One Enterprise to the Group of Mr.Takonkiet, a business partner who has the experience in the broadcasting industry and haswell-received television programs, to make the Group of Mr.Takonkiet the shareholders of The One Enterprise. This is to push the growth of TV Digital One channel to receive high rating from the viewers and receive the advertising income to make the channel successful in this business and help it generate long-term return to the Company. After the transaction, The One Enterprise had the registered capital increase to THB 900.00 million (from THB 400.00 million previously) and the Group of Mr.Takonkiet which consists of (1) Mr.Takonkiet (2) Scenario (which Mr.Takonkiet is the major shareholder holding 52.50% shares) and (3) Wan Tam Dee (which Mr.Takonkietholds 25.00% shares and is the executive with the total control) had the shares in The One Enterprise 49.00% altogether, while the Company's shares in The One Enterprise reduced to 51.00% (from 100.000% previously). The ordinary shares transfer contract was made to increase the capital in The One Enterprise for 49.00% given to the Group of Mr. Takonkiet on

February 27, 2015 and the Group of Mr. Takonkiet has already paid for such shares to increase the capital in The One Enterprise on March 26, 2015.

Subsequently after the Group of Mr. Takonkeit became the shareholders of The One Enterprise, the Company and the Group of Mr. Takonkeit had entered into the shareholders' agreement in The One Enterprise dated March 26, 2015 with the conditions related to the debt obligations of The One Enterprise as follows:

(1) The Group of Mr.Takonkeit to jointly guarantee, together with the Company, debt obligations of the Group of The One Enterprise to the financial institution, including debt obligations that arose prior and after the Group of Mr. Takonkeit purchased the shares in The One Enterprise to inject the capital. The Guarantee is to be in shareholding proportion in The One Enterprise, which are 49.00% for the Group of Mr. Takonkeit and 51.00% for the Company.
(2) The Group of Mr. Takonkeit to fully cooperate with the Company in the negotiation with the financial institutionin order to successfully conclude changes in collateral and/or reduce the Company's portion of the guarantee in a timely manner.

During March 2015 to February 2016, the Company and Mr.Takonkeit contacted the Bank to seek for the change in the portion of the guarantee on debt that the Company provided to The One Enterprise so that the Group of Mr.Takonkeit could jointly take the responsibility in the guarantee for 49.0% and that the Company's guarantee portion reduce to 51.00% which are in line with the shareholding proportion of both parties in The One Enterprise. Nevertheless, such change has not yet been completed but the Group of Mr. Takonkiet is taking on various actions in order to perform the contractual obligations as specified in the shareholders' agreement. The details are as follows:

- The Group of Mr.Takonkiet provided the letter agreeing to perform contractual obligation, as The One Enterprise's shareholder, regarding the guarantee on debt of The One Enterprise for its shareholding proportion of 49.00% in The One Enterprise. It has plans to shorten the process with the Bank and schedules to be complete within February 28, 2017.
- Moreover, the Group of Mr.Takonkiet proposes the offer regarding the current debt obligations of The One Enterprise (which the remaining debt obligation consists of (1) Long-term loan facility for the payment of License in Variety HD and/or other related expenses for THB 2,500 million and (2) Facility for Letter of Guarantee to guaranteethe fee payment for the license to broadcast per conditions set by NBTC and to guarantee the performance of the contractual obligations in the Rental Agreement of Digital TV Network Services with Royal Thai Army Radio for the amount of THB 1,900 million). The Group of Mr. Takonkiet agrees to guarantee the Company's guarantee obligation on The One Enterprises' debt for 49.00% of the total debt obligations guaranteed to the Bank. In the event that the Bank demands the payment from such guarantee, the Group of Mr.Takonkiet agrees to pay the entire 49.00% of the total debt demanded and other related expenses to the Company immediately after such debt is demanded by the Bank.

Later in February 2016, the Bank informed result of the Company and the Group of Mr.Takonkiet's request on the change in the current portion of the existing guarantee on debt for One Enterprise (Amount THB 4,400 million which consists of long-term loan of THB 2,500 million and loan guarantee of THB 1,900 million) to be in line with the Company's shareholding proportion of 51.00% and the Group of Mr.Takonkiet's for 49.00% in The One Enterprise. The Bank set the conditions of the guarantee on The One Enterprise's that the Company and the Group of Mr.Takonkiet each provide 100.00% of the guarantee on the credit facility. For GMM ONE TV's additional loan facility of THB 1,100 million that the Company and the Group of Mr.Takonkiet proposed to guarantee to the Bank in the shareholding proportion of each party in The One Enterprise, the Bank informed the preliminary result of such additional loan facility request that it has approved the additional facility of THB 1,100 million to GMM ONE TV. The Bank also set the conditions of the guarantee requiring the Company and the Group of Mr.Takonkiet each to provide 100.00% of the total guarantee amount.

From the Bank's above consideration, the Board of Directors Meeting No.1/2016 on February 26, 2016 passed the following resolution on the performance of the Group of Mr. Takonkiet's obligations from the Shareholders' Agreement between the shareholders of The One Enterprise on the guarantee on debt of The One Enterprise per shareholding proportion in The One Enterprise This includes the guarantee agreement

between the Company and Mr. Takonkiet for the fairness in the event that the Bank demands immediate repayment of the loan from any of the two parties more than the shareholding proportion in order to assign each party to take responsibility of the debt obligation per the shareholding proportion in The One Enterprise at present to the Shareholders' Meeting of the Company for approval:

(1) Approval of the Letter confirming the performance of the Group of Mr. Takonkiet's obligations from the Shareholders' Agreement between the shareholders of The One Enterprise,regarding the guarantee on debt of the Enterprise per shareholding proportion in The One Enterprise, which is 49.00% of the debt obligations to the Bank to be done within February 28, 2017. (In the past and at present, the Company and Mr.Takonkeit contacted the Bank to seek for the change in the portion of the guarantee on debt to be in line with the shareholding portion of each in The One Enterprise but the transaction has not yet been concluded)

(2) Approval of the guarantee agreement made by the Group of Mr. Takonkiet for the Company's guarantee obligation on The One Enterprises' debt for 49.00% of the debt which includes the principal and interest payable at the time of the guarantee contract is signed (The Group of Mr. Takonkiet entered into such guarantee agreement and on February 19, 2016, the existing credit facility was THB 4,400 million).

(3) Approval of the guarantee agreement made by the Company on The One Enterprises' debt for 51.00% of the debt which includes the principal and interest payable at the time of the guarantee contract is signed (February 19, 2016 , the existing credit facility was THB 4,400 million). The Company will enter into the guarantee agreement after receiving the approval from this shareholders' meeting.

Later, Board of Directors Meeting No. 2/2016 on March 10, 2016 passed the resolution to inform to and seek approval from to the Annual General Meeting 2016 of the related transaction which provides the financial support to the Group of Mr.Takonkiet who is the major shareholder of The One Enterprise and the connected person of the Company.

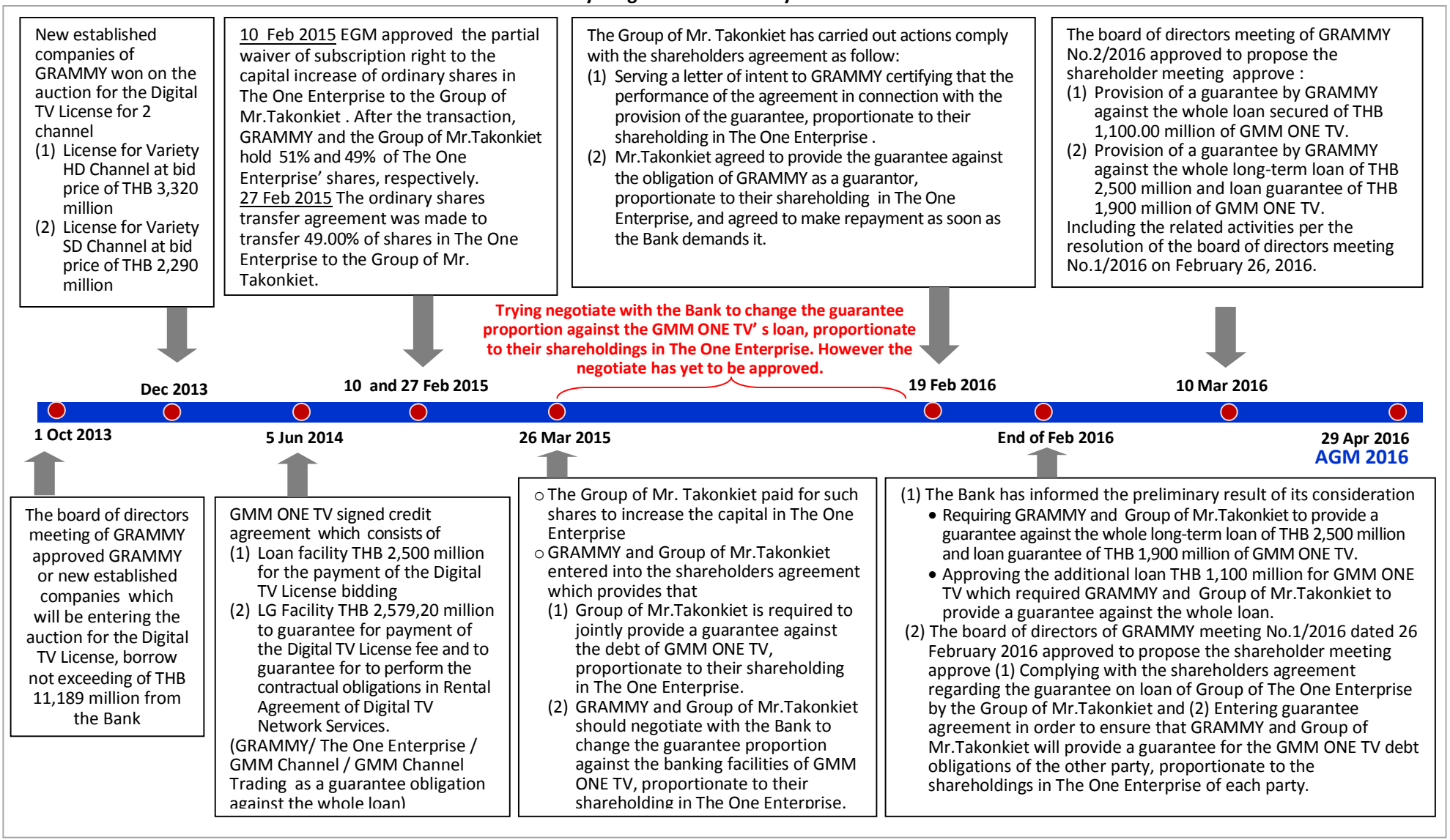
(1) Provision of a guarantee by the Company against the whole loan secured from a financial institution of THB 1,100.00 million of GMM ONE TV as well as approval of the guarantee agreement between the Company and the Group of Mr. Takonkiet for each party to guarantee the guarantee obligations provided for GMM ONE TV's additional loan of THB 1,100 million to be in line with the shareholding proportion in The One Enterprise. The main reason is for the fairness to limit the liability to the shareholding proportion in The One Enterprise in the event that the Bank demands immediate repayment of the loan from any of the two parties more than the shareholding proportion. The guarantee agreement would require each party to take responsibility of the debt obligation per the shareholding proportion in The One Enterprise at present.

(2) Provision of a guarantee by the Company against the whole banking facilities of THB 4,400.00 million of GMM ONE TV which consists of long-term loan of THB 2,500 million and loan guarantee of THB 1,900 million. The approval of the guarantee on GMM ONE TV's loan includes the related activities per the resolution of the Board of Directors Meeting No. 1/2016 on February 26, 2016 as mentioned above in (1) – (3) as follow:
    - Approval of the Letter confirming the performance of contractual obligations between the Group of Mr. Takonkiet, as a shareholder of The One Enterprise regarding the guarantee on debt of The One Enterprise per shareholding proportion in The One Enterprise which is 49.00% of the debt obligations to the Bank to be done within February 28, 2017.
    - Approval of the guarantee agreement of the Group of Mr. Takonkiet for the debt obligation the the Company provided to the Bank for The One Enterprise's loan of THB 4,400 million. The Group of Mr. Takonkiet has already entered into the guarantee agreement on February 19, 2016.
    - Approval for the Company to enter into the guarantee agreement on the guarantee obligation that the Group Mr. Takonkiet provided to the Bank for The One Enterprise's loan of THB 4,400 million. The Company will enter into the agreement after receiving the approval from the shareholders' meeting

The Group of Mr. Takonkiet is not able to change the proportion of the guarantee obligation as a security in order to be in the shareholding proportion of both the Company and the Group of Mr. Takonkiet expected to be completed earlier on February 28, 2017. The Company will bring this issue to the shareholders' meeting for the approval in the later period.

In addition, according to Management interview, the reason that the management of the Group of The One Enterprise will source the additional source of funds from financial institutions is because The One Enterprise still has the ability to without breaching the terms and conditions of the credit agreement signed with the Bank at the present and such borrowing would not affect the shareholders the way the capital injection does.

The Summary Diagram of the History of the Transaction



1.1.1 Types and Size of the Transaction

The Company's provision of a guarantee against the whole loan secured of THB 1,100 million and the whole banking facilities of THB 4,400 million of GMM ONE TV (which consists of long-term loan of THB 2,500 million and loan guarantee of THB 1,900 million), which is considered as a provision of financial assistance to the Group of Mr.Takonkiet. The trasactions are considered as the connected transaction since Mr.Takonkiet (a shareholder which holds 7.87% of shares of The One Enterprise and the major shareholder of Scenario[3] and Wan Tam Dee[4], which hold 34.83% and 6.30% of shares of The One Enterprise, respectively) is an executive of the Company (that is, a person holding office in the first four management positions after the highest executive). Details of calculation in transaction size based on the Company's financial statements for the year ended December 31, 2015 as follows:

Details of calculation in connected transaction size

Connected transaction size = Value of consideration / NTA of listed company

Transaction	Calculation of transaction size	Transaction size
Guarantee against the loan secured of THB 1,100 million	THB 1,100 million / THB 1,295.37million	84.92%
Guarantee against the banking facilities of THB 4,400 million which consists of ○ long-term loan of THB 2,500 million ○ loan guarantee of THB 1,900 million	THB 4,400 million / THB 1,295.37 million	339.67%
		424.59%

Remark NTA of GRAMMY (THB million) = Total Assets – Goodwill – Net Deferred Tax Assets – Other Intangible Assets* – Total Liabilities – Non-controlling Interests of the Subsidiaries
= 7,589.62 – 36.66 – 416.02 – 74.17 - 5,555.94 – 211.46
= 1,295.37

* the calculation of NTA of the Company exclude the deduction of intangible assets that are copyrights namely copyrights to musical compositions, program rights, motion picture and cartoon copyrights, games licenses and other rights since those are intangible assets that generate main sources of revenue to the Company.

** the size of the calculation above does not include the value of the shares of GRAMMY's subsidiary which pledged as a security for the existing credit facility of GMM ONE TV (THB 4,400 million)

The total transaction size of the both connected transaction will be at 424.59%, which is greater than 3.00% of the Company's NTA. Therefore, the Company is obliged to disclose the information about the transaction to the SET and to seek approval from the shareholders' meeting at the votes of not less than three-fourths of the total votes of the shareholders attending the meeting and having the rights to vote, excluding the votes of the interested shareholders. The conflicted shareholders who do not have the right to vote are presented in the following Table.

Table 1 : Lists of conflicted shareholders who do not have the rights to vote

Name	Shares held in GRAMMY*		Relationship with the counterparties of the transaction
	No. of shares	%	
1. Mr. Takonkiet Viravan	6,930,856	0.85	The Group of Mr.Takonkiet holds 49.00% of the total issued shares of The One Enterprise
2. Mrs.Rosanaporn Viravan	51,920	0.01	Sister of Mr.Takonkiet Viravan

Remark * information as of July 29, 2015.

[3] As of 8 April 2015, shareholders of Scenario Company Limited consist of Mr. Takonkiet Viravan (52.50%), GMM Media Public Company Limited (25.00%) and others (22.50%).

[4] As of 8 April 2015, shareholders of Wan Tam Dee Company Limited is Viravan Family which directly and indirectly holds 74.17% of shares.

1.1.2 Contracting parties and major terms and conditions of the agreement

(1) The summary of the major terms and conditions of the contract between the shareholders of The One Enterprise Co., Ltd. related to the guarantee agreement on the debt obligation.

Contracting parties	:	▪ GMM Grammy Public Company Limited ("the Company") holds 51.00% of the registered shares in The One Enterprise Co., Ltd ▪ Mr. Takonkiet Viravan ("Mr.Takonkiet"), Scenario Co., Ltd, and Wan Tam Dee Co., Ltd ("Group of Share-buyers") hold a total of 49.00% of the the registered shares in The One Enterprise Co., Ltd
Relationship with the Company	:	▪ Mr. Takonkiet is the executive of the Company that is, a person holding office in the first four management positions after the highest executive of the Company. ▪ Mr. Takonkiet holds the shares in the Company for 6,930,856 shares or 0.85% of the Company's total paid-up shares (The holding information as of July 29, 2015)
Signing date	:	March 26, 2015
Major terms and conditions for the guarantee agreement on the debt obligation		
Obligations of the contracting parties	:	▪ The Group of Share-buyers agrees to guarantee the debt obligations of The One Enterprise Co., Ltd and/or the related companies which The One Enterprise holds more than 50.00% of the registered shares ("Group of The One Enterprise") to the financial institution (if conditions of the Bank are met) both prior and subsequent to the purchase of shares in accordance with this agreement. The guarantee is to follow the proportion of shareholding of the Group of Share-buyers and the Company. If the negotiation to change the collateral and/or reduce the Company's portion of the guarantee for the Group of The One Enterprise which occurs prior to the share purchase in this agreement with the financial institution, the Group of Share-buyers agree to fully cooperate with the Company in such negotiation with the financial institution for the aforementioned changes in collateral and/or reduce the Company's portion of the guarantee in order to successfully conclude the negotiation in a timely manner.* If the Scenario Co., Ltd. and/or Wan Tam Dee Co., Ltd do not participate or experience instances that restrict them from participating in the guarantee on the debt obligations to the financial institution and/or change the collateral and/or reduce proportion of the Company's guarantee in the Group of The One Enterprise, Mr. Takonkiet agrees and assure the Company that he will assume the responsibility of this guarantee on the debt obligations in the portions of the Scenario Co., Ltd. and/or Wan Tam Dee Co., Ltd. Moreover, if the Company receives any damage for such matters as mentioned, Mr. Takonkiet also agrees to take full responsibility for the damage caused to the Company. ▪ The Company and the Group of Share-buyers agree to jointly take responsibility on the debt obligations of The One Enterprise which arose on April 25, 2014 onwards in the shareholding proportion.

Remark* referring to the letter of performance bond on the proportionate guarantee agreement. The Group of Mr.Takonkiet certifies to perform contractual obligations between the shareholders of The One Enterprise dated March 26, 2015 on the proportionate guarantee agreement, specifying execution plans on such matter to the Bank and to be completed within February 28, 2017. On February 19, 2016, GMM ONE TV's existing credit facility was THB 4,400 million.

(2) <u>The summary of key terms from the guarantee contract</u>

Mr. Takonkiet entered into such guarantee agreement after the preliminary result from the Bank where it rejected the request to change in the proportion of the existing loan guarantee provided for The One Enterprise to be in line with the shareholding proportion in The One Enterprise of 51.00% for the Company and 49.00% for the Group of Mr. Takonkiet (the existing credit facility of THB 4,400 million consists of THB 2,500 million the long-term loan and THB 1,900 million) . For the request filed by the Company and the Group of Mr. Takonkiet, the both parties each guarantee on the existing credit facility for the entire amount.

Contracting parties	:	GMM Grammy Public Company Limited* ("the Company") and Mr. Takonkiet Viravan ("Guarantor")
Contract date	:	February 19, 2016
Terms and conditions	:	(1) The Guarantor agrees to provide the guarantee against the obligation of Company as a guarantor of the Group of The One Enterprise to the Bank for 49.00% of the total liability from principal and interest payable that the Company agreed to pay to the Bank, at the date on which the contract is signed. In the event that the Company is demanded by the Bank to fulfill the guarantee obligation, the Guarantor agrees to pay 49.0% of the total demanded amount immediately after the Company receives such demand. Moreover, In the event that the Company pays for such obligation to the Bank, the Guarantor agrees to repay the Company the total amount paid including other damage fees that the Company is subjected to. (2) The Guarantor agrees to bear the reasonability for the interests, compensation for the default on debt, burden costs, costs related to notices, claims and demand for payment, costs of legal action, lawyer's fee, costs of prosecution and execution, along with other related damage expenses. (3) In the event that the Guarantor defaults on the payment or fail to fulfill the terms and condition specified in this contract, the Guarantor agrees to pay the interest to the Company at the annualized rate of 15.00%. (4) The Guarantee of the obligation on this contract has an indefinite duration for as long as the Company's obligation to the Bank in (1) still exists. (5) The amendment of the contract is not permitted unless formal written consent is agreed and signed by both contracting parties.

Remark* The Company will enter into the guarantee agreements to guarantee the guarantee obligations that Group of Mr.Takonkiet provided to the Bank on GMM ONE TV's debt obligations for 51.00% of the total principal and interests payable on the signing date of the guarantee agreement (February 19, 2016, the existing credit facility was THB 4,400 million). The Company will enter into such agreement after the shareholders' meeting of the Company approve of such transaction.

(3) <u>The summary of the major terms and conditions of credit agreement for the amount of THB 4,400 million</u>

Contracting parties	:	GMM ONE TV Co., Ltd. ("GMM ONE TV") and The Bank
Contract date	:	▪ Credit Agreement: signed on June 5, 2014 ▪ Amendment of the Credit Agreement: signed on March 18, 2015
Facilities	:	(1) <u>Loan facility</u> the total amount THB 2,500 Million for the payment of bidding of the License in Variety HD and/or other related expenses (2) <u>Facility for Letter of Guarantee</u> the total amount of THB 2,579,20* Million with the details as follows: (2.1) <u>LG Facility 1</u> the amount of THB 2,550.88 Million to guarantee for the License in Variety HD per conditions set by NBTC for the remaining minimum price (VAT included) and the residual

		amount after the remaining minimum price (VAT included) (2.2) LG Facility 2 the amount of THB 28.32 Million to guarantee to perform the contractual obligations in Rental Agreement of Digital TV Network Services. Remark* The current remaining facility is approximately THB 1,900 Million
The Summary of the major terms and conditions		
Terms and conditions prior to the loan drawdown and use of facility to issue letter of guarantee	:	▪ Payment document or related evidence to be used each time there is a loan drawdown. The amount of each drawdown is to be corresponding to the value of the License in Variety HD payable in each installment and/or related expenses ▪ GMM ONE TV maintains the Interest-bearing debt to Equity Ratio of no more than ratio as specified in the contract for each time there is a loan drawdown.
Interests and fees	:	Interests and fees are as specified in the contract. Other expenses, GMM ONE TV is responsible for the fees, stamp duty, taxes, insurance premium and other related expenses which may occur from the mortgage, warranty, and sublease (if any) or any expenses for activities arose from this credit agreement or related agreements. Moreover, GMM ONE TV will also compensate to the Bank for any damage which may be caused by its default in full amount immediately when demanded
Principal and interest repayment	:	(1) Loan facility ▪ Interest is payable every 1 month. ▪ Principal is paid in installment as specified in the contract. The first payment is due on the last working of the 48th month after the first drawdown. All of the payments must be made within 108 months after the first drawdown. (2) Letter of Guarantee facility ▪ LG Facility 1: must be paid within 6 years after GMM ONE TV was granted the Digital TV License (the detail of the payment Digital TV license fee can be seen in item 1.3.1 no. 5 on investment) ▪ LG Facility 2: must be paid according to the condition specified in Rental Agreement of Digital TV Network Services, number Por. Ror 12/2557 dated January 17, 2014 and the subsequent amendments
Certification and Confirmation of GMM ONE TV	:	The One Enterprise has to maintain its portion of the shares held in GMM ONE TV of no less than the portion held by The One Enterprise at the signing date of this credit agreement.
Conditions	:	▪ GMM ONE TV will maintain the following financial ratios (calculated from the consolidated financial statements and separate financial statements of GMM ONE TV which is sent to The Bank: o DSCR from 2016 onwards to be no less than ratio as specified in the contract (DSCR means the ratio which represents EBITDA that is divided by debt as specified in the contract) o Interest-bearing Debt to Equity from 2014 onwards of no more than ratio as specified in the contract. In 2015, the Group of The One Enterprise's Interest-bearing Debt to Equity was more than ratio as specified in the contract. ▪ GMM ONE TV will maintain the license to broadcast digital TV and will extend such license in order to operate in the Digital TV service industry before it expires (April 24, 2029). GMM ONE TV will also submit a copy of the license and copies of other extended licenses to broadcast digital TV granted by NBTC after the credit agreement's signing date to the Bank within 15 days each time GMM ONE TV receives such licenses from NBTC ▪ GMM ONE TV and the related companies (the related companies means GRAMMY and GMM Channel Co., Ltd.) will not engage in the

		following acts unless the written consent is given from the Bank: ○ Proceeding in any actions that alter the shareholding structure of GMM ONE TV or any related companies whether it is through mergers, acquisitions, or transfers to any parties. ○ Conducting other businesses whose objectives significantly differ from the nature of GMM ONE TV or related companies ○ Reducing capital or GMM ONE TV or related companies
Collaterals	:	▪ Pledge of all shares in GMM ONE TV and shares in GMM Channel Co., Ltd. to the Bank as a security except the shares which are owned by the Company's directors or Natural Persons ▪ Guarantee provided by GRAMMY, GMM Channel Co., Ltd., The One Enterprise Co., Ltd. And GMM Channel Trading Co., Ltd. The details of the Letter of Guarantee for the Loan in (2) – (5) above will also be mentioned in the summary of important terms in Letter of Guarantee in the next table. Remark the Bank designates the Group of Mr.Takonkiet to be the additional Guarantor

(4) The summary of important terms in Letter of Guarantee of GMM ONE TV Co., Ltd.

Contracting parties	:	(1) The Bank and GMM Grammy Public Company Limited (2) The Bank and GMM Channel Co., Ltd. (3) The Bank and The One Enterprise Co., Ltd. (4) The Bank and GMM Channel Trading Co., Ltd. Each is called the "Guarantor" in each business Remark the Bank designates the Group of Mr.Takonkiet to be the additional Guarantor
Signing date	:	June 5, 2014
summary of important terms in Letter of Guarantee for the loan	:	(1) The Guarantor agrees to guarantee the debts of GMM ONE TV Co., Ltd. ("Debtor") for THB 2,500 million and THB 2,579.20 million following the Credit Agreement dated June 5, 2014. If the Debtor appears to default on its payment or breach the Credit Agreement, or undergo events of defaults on the Credit Agreement causing the Bank to demand the Debtor for the loan repayments, the Guarantor agrees to take the collective responsibility with the Debtor and will repay the principal totaling THB 2,500 million and THB 2,579.20 million with the associated interests as well as pay the compensation which the Debtor has not yet paid and other obligations to the Bank immediately after receiving the notification by the Bank. (2) The Guarantor agrees that the Letter of Guarantee is effective for an indefinite period of time until the Bank receives the full repayments of debt as stated in the Credit Agreement

(5) The summary of the major terms and condition in the Draft Term Sheet of the THB 1,100 loan facility

Referring the terms and condition in the Draft Term Sheet dated March 31, 2016 from the Bank (The Bank has not yet formally granted this Draft Term Sheet), the major terms and conditions are as follows:

Contracting parties	:	GMM ONE TV Co., Ltd. ("GMM ONE TV") and The Bank
Contract date	:	March 31, 2016
Facilities	:	The 1,100 THB promissory note consists of: (1) The promissory note with the revolving line of credit. Each promissory

		note no more than 120 days and with the amount of THB 500 million which purpose for working capital and other related expenses which related the business operation. (2) The promissory note with the amount of THB 600 million which drawdown period is not more than 31 December 2016 and each the promissory note of no more than 360 days. This promissory note purpose for the production drama which owns or copyrights of GMM ONE TV or The One Enterprise.
Major terms and Conditions		
Interests and fees	:	Interests and fees are as specified in the contract which refers to interest rate the Bank charges to the good-credit corporate clients or the Minimum Loan Rate (MLR). The interests are paid monthly payable.
Condition to each drawdown	:	(1) The promissory note with the revolving line of credit with the amount of THB 500 million : The One Enterprise will maintain Interest-bearing Debt to Equity no more than ratio as specified in the contract. (2) The promissory note for THB 600 million: GMM ONE TV will maintain the financial ratios which are as specified in the credit agreement dated on June 5, 2014 and amendment of the Credit Agreement dated on March 18, 2015.
Security	:	The major conditions are similar to those of the credit facility according to the credit agreement dated June 5, 2014 and amendment of the credit agreement dated March 18, 2015 with the additional conditions as follows: (1) The full guarantee by the Group of Mr.Takonkiet which consists of Mr.Takonkiet Viravan, Scenario Co., Lt, and Wan Tam Dee Co., Ltd. (2) The transfer of right with condition of GMM ONE TV' s bank account of and The One Enterprise' s bank account of the Bank and other financial institution. (3) The transfer of right with condition of the drama and TV programs to broadcast through ONE Channel which owns or copyrights of GMM ONE TV or The One Enterprise. Moreover, the transfer of right cannot be cancel unless get approval from the bank.
Other condition	:	If The One Enterprise want to raise additional debt obligation or guarantee obligation, The One Enterprise must get approval from the Bank first.

Remark: - The bank reserves the right to review, modify, cancel the credit limit or change the conditions of credit above without prior notice.
- In addition, the Company may need to pledge 51.00% of shares in the One Enterprise as a security against additional loan of GMM ONT TV. However, it depends on the agreement between the Company and financial institution.

1.2 Appropriateness of the Transaction

1.2.1 Objective and Benefit of the Transaction

The Company takes the role as the guarantor of GMM ONE TV's debt of THB 1,100 million (which the Bank also requires Mr. Takonkiet to be the guarantor of the loan for the entire amount) in order to act as a security for the loan as required by the terms the Bank specified in the credit agreement for GMM ONE TV. The transaction would support GMM ONE TV, a License in Variety HD holder and Digital TV ONE channel operator, to obtain the fund to be used as an additional working capital to operate the channel smoothly as planned. In the event that the popularity rating and the advertising income of the TV Digital ONE channel have the expected growth, the Company would have the change to receive the return from holding 51.00% shares in The One Enterprise (which owns 100.00% in GMM ONE TV)

For the guarantee on the existing loan of GMM ONE TV for the entire amount of THB 4,400 million (consisting of long-term loan of THB 2,500 million and loan guarantee of THB 1,900 million) which is more

than the Company's shareholding proportion in The One Enterprise at present, the transaction occurred since June 2014 before the Company reduced its holding in The One Enterprise to 51.00% in March 2016. The Company completed the shareholding reduction by relinquishing the subscription right to the capital increase of ordinary shares in The One Enterprise to the Group of Mr.Takonkiet, in order for the Group of Mr. Takonkiet to hold 49.00% in The One Enterprise. Moreover, after the Group of Mr.Takonkiet became the shareholder of The One Enterprise, the Company and the Group of Mr.Takonkiet concluded the agreement on the debt obligations as specified by the shareholder's agreement of The One Enterprise. The shareholders' agreement requires the Group of Mr.Takonkiet to guarantee the Company's guarantee obligation on the debt of the The One Enterprises to the Bank, which includes the debt obligation prior and after the Group of Mr.Takonkiet purchased the shares in The One Enterprise. Such guarantee on debt obligation is allocated according to the shareholding proportion where the Group of Mr.Takonkiet holds 49.00% and the Company holds 51.00% shares in The One Enterprise and the Group of Mr. Takonkiet is to complete such change for the Bank by February 28, 2017.

1.2.2 Comparison of Advantages and Disadvantages of the Transaction

- **Advantages and Disadvantages of the Transaction**

Advantages of the Transaction

1) Support the subsidiary of the Company to access to the source of funds for the business operation
As the Bank will provide the loan facility of THB 1,100 million to GMM ONE TV, the Bank specifies condition that requires the Company and the Group of Mr. Takonkiet to be the guarantors of GMM ONE TV, each for 100.00% of the total credit facility. (The Bank has not yet formally granted this loan facility of THB 1,100 million) Therefore, GMM ONE TV is able to enter into a THB 1,100 credit facility with the Bank once it received the approval from the shareholders' meeting for the entire amount. The facility will be used as a working capital of the TV Digital ONE Channel which requires significant funding to operate during the beginning stage of the channel in order to make the channel known to the target customer, build the audience base, and receive the decent popularity rating.

2) Support the subsidiary of the Company to continuously carry on its business operation and maintain the competitive advantage
As GMM ONE TV wishes to use the loan received from the Bank of around THB 600 million for drama production and for the business operation of TV Digital ONE Channel in order to produce and source quality television programs as planned. This is because the quality of the programs is the key success in maintaining and expanding the regular audience base, increasing the popularity rating of each program and higher the advertising income. The promissory note with the revolving line of credit with the amount of THB 500 million, GMM ONE TV wishes to use for working capital and other related expenses which related the business operation as specified in drawdown conditionof the contract. Moreover, GMM ONE TV still has other expenses related to the business operation of digital television for the business to continue to operate. The examples of the regular expenses GMM ONE TV has to pay to hold the Digital TV license and to operate TV Digital ONE Channel continuously for the license's lifetime of 15 years are:
   - The Digital TV license fee won at the auction
   - The annual fee for Digital TV license at 2.00% of the earnings before expenses
   - The annual payment for Broadcasting and Telecommunications Research and Development Fund for the Public at 2.00% of the earnings before expenses both directly or indirectly received from the advertising as well as other income
   - Digital TV network utilization fee

   The information of GMM One TV' s important cost and expense will shown in the forecasted cash flow table in item 1.3.1 of this report

   The continuity of the production, sourcing, and broadcasting of the quality television programs, which is partly due to sufficient working capital, will enable TV Digital ONE Channel to maintain its competitive advantage to complete with its peers in the industry, both Digital TV players as direct

competitors and cable TV and satellite TV as indirect compactors. This would increase the opportunity to expand the market share in the advertising through television advertising media (digital television) which is expected to have a continued growth in the future.

In 2015, the market for television advertising (Digital TV) is THB 20,930 million, expanded 143.91% from THB 8,581 million in 2014 (Digital TV was officially launched in June 2014). For 2016, Media Agency Association of Thailand expected the value of the advertising in Digital TV to expand to THB 22,000 million from the shift in the advertising budgets from analog, satellite and cable TV to digital TV. Many households throughout the country have more access to digital TV from the discount vouchers given to 22 million households from NBTC and the Digital TV network is also expanded in other regions in the countries. Moreover, various digital TV operators also promote their channels and make them known to the consumers. (The detail of the advertising and digital television industry can be found in the Enclosure 1 item 6 of this report)

3) Increase the Company's opportunity to receive the return on investment in The One Enterprise
In the event that GMM ONE TV obtains sufficient fund to operate TV Digital ONE channel to operate as planned in order to reach the objectives in expanding the regular audience base, increasing the popularity rating of each program and higher the advertising income of each program in the channel as mentioned above, GMM ONE TV's performance would improve with higher profit in the future. The Company as a shareholder holding 51.00% in The One Enterprise (the company which owns 100.0% shares in GMM ONE TV) would also have higher opportunity to receive the share of profit from The One Enterprise's improved performance in the future.

Disadvantages and Risks of the Transaction

1) The Company's guarantee obligation for the debt of GMM ONE TV increased
In the event that the shareholders' meeting approves the Company to guarantee the additional debt obligation of GMM ONE TV for THB 1,100 million for the entire amount which would increase to THB 4,400 million when combined with GMM ONE TV's existing obligation (which consists of long-term loan of THB 2,500 million and loan guarantee of THB 1,900 million) which is in accordance with the requirement from the Bank, the Company's guarantee obligation for GMM ONE TV would also increase. Moreover, GRAMMY may need to pledge the shares in The One Enterprise for 51.00% owned by GRAMMY as a security for the additional facility of THB 1,100 million.

Nevertheless, as the Group of Mr.Takonkiet has entered into the guarantee agreement for the Company's guarantee obligation on GMM ONE TV's debt for 49.00% of the total debt obligations to the Bank, including the principal and the interest due as of the guarantee contract date (February 19, 2016) and agrees to pay the total debt to the Company immediately when demanded by the Bank, the Company's risk from the guarantee on GMM ONE TV's debt is 51.00% of the total debt obligation, in line with the Company's shareholding proportion in The One Enterprise at present.

At present, Mr. Takonkiet is a shareholder in many companies. These companies may be the source of fund for Mr.Takonkiet to perform duty as stated in the guarantee agreement regarding the guarantee on debt of GMM ONE TV per their shareholding proportion in The One Enterprise which Mr.Takonkiet agrees to pay the total debt (in accordance to his proportion of The One Enterprise shareholder) to the Company immediately when demanded by the Bank. The following list of companies come from public information and this list exclude the company that Mr.Takonkiet does not have significant stake in the companies or exclude the company does not have significant performance.

- GMM Grammy Public Company Limited: Viravan Family holds 0.86% of shares. In 2015 GRAMMY has total revenue of THB 9,703.57 million and GRAMMY's net loss were THB 1,135.23 million.
- The One Enterprise Co., Ltd : Mr.Takonkiet directly and indirectly holds 30.82% of shares. In 2015 The One Enterprise has total revenue of THB 1,121.00 million and net loss were THB 926.95 million.
- Scenario Co., Ltd: Mr.Takonkiet holds 52.50 % of shares. In 2014 Scenario has total revenue of THB 645.92 million and net profit were THB 26.94 million.

- Methee 1 Co., Ltd: Viravan Family holds 100.00% of shares. In 2014 Methee 1 has total revenue of THB 15.48 million and net profit were THB 3.19 million.
- Wan Tam Dee Co., Ltd: Viravan Family holds 74.17% of shares. As Wan Tam Dee was established In 2015, so it has not financial statement at present.

Nevertheless, if consider all of the asset above the shareholding of Mr.Takonkiet in companies above, may pose a risk to the adequacy of capital resources to perform duty as stated in guarantee agreement which Mr.Takonkiet agrees to pay the total debt (in accordance to his proportion of The One Enterprise shareholder) to the Company immediately when demanded by the Bank.

2) <u>The risk that the Company as a guarantor may be demanded for payment on GMM ONE TV's debt obligation</u>

GMM ONE TV may not be able to perform its debt obligation if GMM ONE TV and/or the guarantor perform or do not perform any action that leads to the breach of contract to the Bank in the future. The examples of such instances are failing to pay principal or interest, experiencing any event that causes damage to the financial status or the ability to repay the debt obligation, change in the nature of business, or losing the license to operate. This also includes the business performance of TV Digital ONE Channel not going as planned which could result from any factor such as:

- A severe competition in digital TV business which consists of a considerable amount of number of operators and competitors from other media.
- The reduced advertising budget in general resulted from the economic environment such as the decreased consumer confidence and purchasing power, political unrest, or natural hazard.
- Inability to appropriately manage costs and expenses to match the advertising income. Digital TV business has high operating costs in many aspects such as the licenses to broadcast digital television, the annual fee for digital TV licenses, digital TV network utilization fee, and expenses related to the production and sourcing quality programs (i.e. hiring actors, TV hosts, location rental fee and production equipment, television content licenses, and employee salaries).

Therefore, if there is a breach of brank, the Bank may use the right and demand GMM ONE TV to repay the remaining debt obligation immediately. If GMM ONE TV does not have the ability to repay the demanded debt repayment, the Bank may demand one of GMM ONE TV's the guarantors of to repay such obligation. The total debt obligation of the Company as a guarantor would negatively impacted the financial performance of the Company in the future (Whether the repayment demanded by the Bank is partial or the entire amount amount). As of December 31, 2015, the Company's total debt totaled THB 5,555.94 million, which belongs to the shareholders' equity for 2,033.67 million of that amount. The debt to equity ratio equals to 2.73 times. In 2015 the Company's net loss were THB 1,135.23 million that resulted from the Company's accounting adjustments of setting up a provision for impairment of long-term investment in CTH which is not normal business of the Company at amount of THB 1,030.34 million. However, in case considering the overall performance of the Company in another business that does not include Digital TV business, the Company will have a profitable operating results and the Company's net cash flow from operating activities is accounted for THB 371.15 million in 2015. The management of the Company expects two Digital TV Channel to have an operating profit in 2018 and will have ability to repay their debts in the future.

Moreover, with the conditions specified in the guarantee contract of the Group of Mr. Takonkiet dated February 19, 2016 mentioned above in (1), the Company may demand of the Group of Mr. Takonkiet to jointly take the responsibility for the guarantee obligation current per shareholding proportion in The One Enterprise.The Group of Mr.Takonkiet still have a risk relating to adequacy of capital resources to perform under the guarantee agreement for the Company's guarantee obligation on GMM ONE TV's debt as describe in no.1) above.

3) <u>The risk that GMM ONE TV and/or The One Enterprise from the capital injection that may potentially occur in the future</u>

From the financial projection by the IFA, if the business performance of The One Enterprise goes according to management's plan, The One Enterprise will need to secure addition source of fund of

around THB 2,506 million during 2016-2017. This will post a risk to The One Enterprise as it may require the capital injection from the shareholders in the event that The One Enterprise is unable to obtain the fund by borrowing, its business performance fails to meet the plan, or the breach of contract from the failure to maintain debt to equity ratio. With this reason, GRAMMY, as a shareholder holding 51.00% in The One Enterprise, may also need to secure additional source of fund (The detail can be found in item 1.3.1 – Assessing the Debt Capacity of GMM ONE TV) or if The One Enterprise consider raising capital from strategic partners, this may impact on the control dilution of the GRAMMY.

4) The affect of the rights of shareholders to receive the dividend
The relevant loan agreement determines the condition requesting the action from the Company before paying dividend. If the Company already complete the specified condition, the Company can further pay dividend to the shareholders.

1.2.3 Advantages and disadvantages of the Transaction with connected persons and third parties

The IFA is unable to compare the advantages and disadvantages of such transaction between the connect persons (Namely, the Group of Mr. Takonkiet) and third parties because the Bank provides the condition that requires the Company and the Group of Mr.Takonkiet to guarantee the debt obligation of GMM ONE TV to the Bank (each to responsible for 100.00% of the total debt). Nevertheless, the Group of Mr. Takonkiet has filed the request to change the current portion of the existing guarantee on debt to 51.00% for the Company and 49.00% for the Group of Mr.Takonkiet to be in line with shareholding proportion in The One Enterprise at the present. Moreover, the Company and the Group of Mr.Takonkiet also requested additional credit facility of THB 1,100 million and provided the security to the Bank by providing the additional guarantee per the shareholding proportion in The One Enterprise.

1.3 Assessing the Debt Capacity and Fairness of the Transaction Condition

1.3.1 Assessing the Debt Capacity of GMM ONE TV

The IFA assesses the debt capacity of GMM ONE TV considering future cash flows from operating activities, cash flows used in investing activities and cash flows from financaing activities of the Group of The One Enterprise, a company which is 51% and 49% hold by GRAMMY and the Group of Mr.Takonkiet, respectively. The One Enterprise is also a debt guarantor of GMM ONE TV's loans, both the existing THB 4,400 million loan (which consists of long-term loan of THB 2,500 million and loan guarantee of THB 1,900 million) and the additional THB 1,100 million loan which is on process of asking approval from the Shareholders' Meeting. The IFA conducted financial projections of 10 years, which equal the period that the Group of The One Enterprise will fully repay all the loans to the financial institution, which is from FY 2016 - 2025. In this regard, the IFA conducted financial projections in accordance to projections by the Company's management in which the IFA considered the possibility of the assumption for financial projections received from the management. The IFA also conducted management interviews regarding policies related to the operation of a company and adjusted some of the hypotheses to reflect market condition, industry competition, and overall economic condition, all of which are done under Conservative Basis.
The One Enterprise's core businesses are TV programmes production for broadcasting in digital system.The company's other sources of revenue are outsourced work for TV program production, artist management and studio renting which are operated by its subsidiaries.
Details of the assumption for projection are as follows.

1. Revenue

1.1 Revenue from advertisement from ONE Channel is the main cash flows of The One Enterprise. The IFA estimated the revenue from advertisement by multiplying advertising minutes with advertising rates with details as follows.

1.1.1 Minutes of advertisement This is according to the average time for advertisement specified by law which is a maximum of 10 minutes per hour. Also, we have taken into consideration the

occupancy rate based on program plan of ONE Channel according to the projections from management.

1.1.2 Advertising rates The IFA estimated the advertising rates based on the current advertising rates of the ONE Channel together with the forecasted advertising rates in the future from the management, advertising sales plan of the ONE Channel and the current advertising rates of other TV channel currently broadcasted in analog system (Channel 3, Channel 7, Channel 9). The higher growth of advertising rates at the earlier phase of the projection (2015 – 2016) is forecasted since Digital TV is able to reach higher number of viewers across the country. The supporting activities that help promote Digital TV are that the NBTC sponsors the discounts for digital box purchases for 22 million households, the expansion of Digital TV network installation in overall regions, the advertising of each Digital TV operator, together with the allocation of higher amount of advertising budgets from satellite TV and cable TV into Digital TV by advertising agencies. Thus, the advertising rate in 2016 has a potential to increase significantly from its base rate in 2015, which is the first full year of advertising sales in Digital TV (after the official on air in April – May 2014).

After the acquisition of shares by the Group of Mr.Takonkiet in The One Enterprise. They had implement better management strategy resuiting in increase of ONE Channel rating from Rank 12th in Novermber 2557 to Rank 6th in December 2558 (including Free TV in analog system which is Channel 3 and Channel 7). In 2559, the managements has initiated a reshuffle of all TV programs that is schedule in weekdays, from the news program in the evening to drama program, in order to lengthen the prime time. They also change programs schedule on Saturday and Sunday in favor of increasing new TV program and decresing the re-run TV programs on the Channel. Moreover, they also increase popular varity shows on air time and create new TV programs on the Channel. Therefore, this will result in increasing of rating, advertisement occupancy rate and advertisement rate of the ONE Channel.

IFA proposed that advertising rate in 2017-2019 will still continually grows, however, at a more gradual pace than in 2016. According to the management plan, in relation to the estimation of advertisement rates that GMM One TV will receive from the change of TV program schedule, to lengthen the prime time, and TV industry that transition from Analog TV to Digital TV. After the upcoming expiration period of Analog TV License in 2561, that will result in completely shift from Analog TV to Digital TV and an allocation of more advertising budget into Digital TV. Thus, in 2018 the ONE Channel advertisement rate should continue to grow from 2017. However, the ONE Channel advertisement rate should decrease in 2019 after TV industry completely shift from Analog to Digital TV completely.

From 2020 onwards, the IFA forecasted a long-term growth rate of 2.00% in accordance with the management's forecast as the industry moves forward to a constant growth phase after its high growth transitional phase from Analog to Digital TV. Moreover, the competitiveness among other operators, altogether of 24 channels and another 10 public channels to be soon in operation (not to mention the satellite TV and other forms of new media that continue to attract business owners to use them as advertising means) is anticipated.

1.2 Other revenue consists of revenue from production of TV program (which is operated through Me Mi Ti Co., Ltd ("Me Mi Ti") of which The One Enterprise purchased 70.00% of Me Mi Ti's total shares in June 2015) and revenue from studio renting (which is operated through ACTS STUDIO COMPANY LIMITED ("ACTS STUDIO") of which The One Enterprise acquired 100% of its shares in November 2015) for ONE Channel. The IFA forcasted based on the revenue in 2015 and budget of 2016, then the related transactions would be eliminated and the growth rate is expected to be at 5% from 2017 according to management.

Table 2: Assumptions for Revenue Projection

	2015A	2016E	2017F	2018F	2019F	2020F
Occupancy rate of advertising	49%	55%	59%	62%	65%	68%
Growth of average advertising rate	N/A	57%	35%	40%	11%	2%
Revenue from advertisement	**1,052.42**	**1,910.50**	**2,763.00**	**4,062.90**	**4,725.00**	**5,055.75**
Other income	68.59	37.42	39.29	41.25	43.32	45.48
Total revenue (THB million)	**1,121.00**	**1,947.92**	**2,802.29**	**4,104.15**	**4,768.32**	**5,101.23**

	2021F	2022F	2023F	2024F	2025F
Occupancy rate of advertising	70%	72%	72%	72%	75%
Growth of average advertising rate	2%	2%	2%	2%	2%
Revenue from advertisement	**5,294.04**	**5,554.20**	**5,665.28**	**5,794.42**	**6,139.75**
Other income	47.76	50.14	52.65	55.28	58.05
Total revenue (THB million)	**5,341.79**	**5,604.34**	**5,717.94**	**5,849.71**	**6,197.80**

2. Cost of sales and services

Cost of sales mainly comprise of production costs, cost of Digital TV license fee, employee salary and benefits, Digital TV network service fee, annual fee for Licenses, depreciation costs, and other costs in which the IFA estimated the main costs as follows.

2.1 Cost

- **Production costs** are estimated based on the management projection and the company's production plan of TV programmes of the ONE Channel during 2016 – 2017, in which the IFA forecasted the growth rate for the cost at 15.1% and 9.7%, respectively. From 2018 onwards, the growth rate is forecasted at 3.0% per year. The reason for higher growth during 2016 – 2018 is because it is an early phase that the company must produces TV programmes for broadcasting in ONE Channel. The management of the Group of The One Enterprise have plan to control the production cost of TV program by rearranging TV program in each day, reducing on air time of high cost of production programs and increase low cost programs on the Channel. Nevertheless, the rating of The One Enterprise will not reduce by rearranging TV Programs because the The management will only select programs that is not affect the rating and advertisement rate of Channel. Thus, The One Enterprise will better operating performance and lower the cost of production.
- **Cost of Digital TV license fee** According to the accounting standard, the cost of Digital TV license fee was measured at the cash equivalent price based on the present value of the installments. The difference between the total payment to be made and the cash equivalent price is recognized as a finance cost over the license fee payment period. Cost of Digital TV license is amortized on a straight-line basis over the license period, 15 years. As a result, in each year the cost shown in profit and loss statement will not equal to cash outflow of GMM ONE TV.
- **Employee salary and benefits** In 2016, the IFA forcasted such expenses based on the management's projection. The One Enterprise's management forecasted the growth rate based on higher number of personnel, average salary increase and the company's plan for the ONE Channel. From 2017 onwards, the growth rate is forecasted at 5.0% per year based on estimated average salary increase by the company's management.
- **Digital TV network service fee** according to actual costs that GMM ONE TV has agreement with network provider with estimated growth rate of 3.0% every 3 years according to the estimation of management.
- **Annual fee for Digital TV Licenses** at 4.00% of total advertising revenue of GMM ONE TV which is separated into 2.0% for annual license fee and 2% for annuity for Research and Development of Broadcasting and Telecommunications fund for public Interest.

3. Selling and Administrative Expenses

Selling and administrative ("SG&A") expenses comprise sales commission, selling and marketing expenses, and rental and office expenses. The IFA forecasted SG&A expenses for 2015 based on the company's budget. From 2017 onward, the growth rate is forecasted at 3.00% per year. For selling and marketing expenses and sales commission in 2017 - 2018, the IFA forecasted at 14.53% and 13.80% of advertising revenue of each

year. From 2018 onwards, the IFA forecasted at 13.50% of advertising revenue.The IFA forecasted the common administrative expense using the same rate as The One Enterprise's standard assumption. That is, the fixed expenses would grow at 5.0% per year while the variable administrative expenses would be 2.0% of the total revenue from adverstising in each year.

Table 3: Assumption for Cost and Selling and Administrative Expenses Projections

(THB Million)	2015A	2016E	2017F	2018F	2019F	2020F
Production cost and network service fee	985.51	1,067.80	1,179.54	1,261.68	1,338.35	1,384.81
Cost of Digital TV license fee and annual Digital TV license fee	337.62	354.39	360.68	389.13	394.44	398.96
Employee salary and benefits	325.55	457.43	480.31	504.32	529.54	556.01
Selling and marketing expenses	148.12	279.72	402.12	561.25	638.47	683.13
Office and other expenses	317.34	288.95	310.00	345.83	369.31	386.59
Total cost and expenses	**2,114.14**	**2,448.29**	**2,732.64**	**3,062.22**	**3,270.11**	**3,409.51**

(THB Million)	2021F	2022F	2023F	2024F	2025F
Production cost and network service fee	1,428.64	1,461.52	1,493.50	1,533.33	1,566.77
Cost of Digital TV license fee and annual Digital TV license fee	408.49	418.89	423.34	428.50	442.32
Employee salary and benefits	583.81	613.00	643.66	675.84	709.63
Selling and marketing expenses	715.32	750.46	765.48	782.93	829.57
Office and other expenses	402.46	419.22	433.49	448.61	468.58
Total expenses	**3,538.72**	**3,663.10**	**3,759.45**	**3,869.21**	**4,016.87**

Remark: Depreciation and amortization those are not related to the copyrights are not taken into account

4. Source of funds of the project and financing cost

As of December 31, 2015, The One Enterprise had a total paid-up capital of THB 1,905.00 million and loans from financial institution of THB 2,894.90 million in the part of GMM ONE TV and ACTS STUDIO at Minimum Loan Rate (MLR) minus the agreed rate stated in the loan contract. According to IFA's financial projection, the Group of The One Enterprise will need to incur additional loans of THB 1,637 million and THB 869 million during 2016-2017 respectively, yielding the total of THB 2,506 million, the interest rate is based on minimum loan rate. In 2016, the Group of The One Enterprise has the existing credit that has not been drawn of THB 287 million. The Board of The One Enterprise also considered to issue unsubordinated, and unsecured debentures without Debentures Holder's Representative offering to no more than 10 private placement investors. The issuance requires the amount of unredeemed bonds at any particular time to be less than THB 1,000 million with 2 year to maturity. Currently, The One Enterprise has appointed a financial institution to offer the first private placement of THB 500 million. This portion could become the source of funds for The One Enterprise in the future. Also, GMM ONE TV, under the Group of The One Enterprise, has been offered THB 1,100 million conditional loan of which GRAMMY and the Group of Mr.Takonkiet each need to serve as 100% debt guarantors. The issue is in the process of requesting for shareholders' approval. If this connected transaction is approved by GRAMMY's shareholders, the Group of The One Enterprise will be able to access the additional loan (According to current financial status, GMM ONE TV is in comply with the loan agreement to use THB 600 million for drama production). The One Enterprise Group to have sufficient fund to operate in this year.

For the source of fund for 2017, The Group of The One Enterprise will be funded by a loan approximately THB 1,250 million from (1) No more than 2-year debentures for private placement investors at amount not exceed THB 1,000 million (2) the existing revolving credit loan accounted for THB 250 million. Thus, IFA estimated that The One Enterprise will need to raise additional capital for THB 499 million. The management of The One Enterprise can finance by debenture for private placement investors or borrow from the financial institution because it did not exceed the ratio of interest bearing debt to equity defined in the loan agreement of the company. The One Enterprise is in the process of sourcing for additional funds from borrowing as mentioned above and/or raising of the capital

from shareholders or strategic partners. However the Group of The One Enterprise's access to new sources of fund will be determined by the Group of The One Enterprise's financial position, operating performance and thereat market environment. The Group of The One Enterprise may be subject to risk from financing activities in FY 2017. From the estimation by the IFA, the One Enterprise Group's EBITDA will become positive in 2017 and the company will be able to repay loan by its operating cash flow without borrowing additional funds from year 2019 onwards. Hence, the total loan amount that must be raise and repayment of loan is summarize in the table below.

As the Group of The One Enterprise is in the midst of newly starting digital TV business, cash flow from operating activities needs to be allocated for digital TV license payment in each year, investment in equipment and net working capital. The Group of The One Enterprise thus still needs the aforementioned funding to fund those activities. After 2019 onwards, the Group of The One Enterprise then will be able to generate sufficient funds for overall activities.

Table 4: Projection of The One Enterprise's loans from financial institution

(THB million)	2016E	2017F	2018F	2019F	2020F	2021F	2022F	2023F
Beginning balance	2,694.90*	4,332.12	5,201.36	5,041.52	4,262.92	2,968.78	1,542.09	312.50
Additional loans	1,667.22**	2,249.24	82.17	-	-	-	-	-
Repayment	30.00	1,749.24	242.00	778.61	1,294.14	1,426.68	1,229.59	312.50
Net Cash received (repayment)	*1,637.22*	*880.00*	*(159.83)*	*(778.61)*	*(1,294.14)*	*(1,426.68)*	*(1,229.59)*	*(312.50)*
Ending balance	**4,332.12**	**5,201.36**	**5,041.52**	**4,262.92**	**2,968.78**	**1,542.09**	**312.50**	**-**

Remark: * before deducting deferred loans fee
** include THB 1,100 million loan of which is in the process of requesting for shareholders' approval

According to the credit agreement of GMM ONE TV, the Group of The One Enterprise will maintain DSCR from 2016 onwards to be no less than ratio as specified in the loan agreement (DSCR is the ratio of EBITDA that is divided by debt as specified in the loan agreement) and interest-bearing Debt to Equity from 2014 onwards to be no more than ratio as specified in the loan agreement. According to the projection, the Group of The One Enterprise is likely to incur an uncertainty in maintaining DSCR in 2016-2017 and interest bearing debt to equity ratio in 2019 to meet the financial covenant. In order to meet the requirement, in 2016 – 2017 the Group of The One Enterprise might have to negotiate with the financial institution to ignore DSCR condition. In addition, in 2019, the Group of The One Enterprise must maintain the interest bearing debt and/or raise the capital in order to comply with loan agreement or else the company might have to negotiate with the financial institution to ignore interest bearing debt condition. Moreover, in 2015 the Group of The One Enterprise's shareholder equity is THB 521.84 million, the company is vulnerable to a capital deficit (shareholders' equity less than zero) if in 2016 -2017 the company still incur operating deficit as in 2016.

5. Investment Capital

According to the group of The One Enterprise's plan, the group expects to use the funds to invest in the improvement of studio, production equipment and office equipment each year as follows:

Table 5: Investment Capital

(THB million)	2015A	2016E	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F
Investment	842.10*	46.11	29.94	19.34	22.94	28.28	19.34	21.00	19.94	31.28	19.34

Remark: * The sharp hike is resulted from THB 712.33 million purchase of subsidiaries

In 2016, the group of The One Enterprise expects to invest in the improvement of studio and purchase some additional equipment for its operation at approximately THB 46.11 million, and from 2017 onward, the investment will be mainly made to replace the existing assets without any major investment in additional studio or key equipment.

For the payment of Digital TV license cost, it is forecasted based on the regulations of NBTC which shown in details as follows:

Table 6: Payment of Digital TV License Cost

(THB million)	2014	2015	2016	2017	2018	2019
Minimum payment	755	453	151	151	-	-
Portion above the minimum payment	181	181	362	362	362	362
Total payment	**936**	**634**	**513**	**513**	**362**	**362**

According to overall assumptions, the Group of The One Enterprise's projected cash flow would be as followed.

Table 7: Summary of projected cash flow

(THB million)	2016E	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F
Cash from operating activities	1,779.97	2,521.81	3,676.57	4,550.41	4,992.25	5,263.20	5,518.55	5,681.14	5,806.96	6,083.96
Total cost and expense	(3,004.34)	(2,848.10)	(3,135.40)	(3,343.91)	(3,624.33)	(3,814.06)	(3,899.65)	(3,977.55)	(4,083.97)	(4,253.73)
Cash flow from (used in) operating activities (1)	**(1,224.36)**	**(326.30)**	**541.17**	**1,206.50**	**1,367.92**	**1,449.14**	**1,618.90**	**1,703.58**	**1,722.99**	**1,830.23**
Payment of Digital TV licenses	(513.00)	(513.00)	(362.00)	(362.00)	-	-	-	-	-	-
Asset investment	(46.11)	(29.94)	(19.34)	(22.94)	(28.28)	(19.34)	(21.00)	(19.94)	(31.28)	(19.34)
Cash flow from (used in) investing activities (2)	**(559.11)**	**(542.94)**	**(381.34)**	**(384.94)**	**(28.28)**	**(19.34)**	**(21.00)**	**(19.94)**	**(31.28)**	**(19.34)**
Cash from borrowing from financial institutions	1,667.22	1,749.24	82.17	-	-	-	-	-	-	-
Debt repayment	(30.00)	(880.00)	(242.00)	(778.61)	(1,294.14)	(1,426.68)	(1,229.59)	(312.50)	-	-
Cash flow from (used in) financing activities (3)	**1,637.22**	**869.24**	**(159.83)**	**(778.61)**	**(1,294.14)**	**(1,426.68)**	**(1,229.59)**	**(312.50)**	**-**	**-**
Net change in cash and cash equivalents (decrease) (1) + (2) + (3)	**(146.25)**	**-**	**-**	**42.96**	**45.50**	**3.12**	**368.30**	**1,371.14**	**1,691.71**	**1,810.89**
Cash and cash equivalents at beginning of year	196.25	50.00	50.00	50.00	92.96	138.46	141.58	509.88	1,881.02	3,572.73
Cash and cash equivalents at end of year	**50.00**	**50.00**	**50.00**	**92.96**	**138.46**	**141.58**	**509.88**	**1,881.02**	**3,572.73**	**5,383.62**

From considering the Group of The One Enterprise's projected cash flow in each year, IFA agrees that if the Group of The One Enterprise is able to operate to meet this plan and able to manage additional funding for the digital TV operation during 2016-2018, the group of The One Enterprise will be able to continue its business and GMM ONE TV will be able to repay the whole loans including the existing loan of THB 2,500 million, the Digital TV license fee of THB 1,900 million, the additional loan of THB 1,100 million of which GRAMMY and the Group of Mr.Takonkiet each are 100% debt guarantors and the upcoming additional loans for 2017-2018 of THB 869 million. However, if the Group of The One Enterprise is fail to meet the financial plan due to any managerial issues or external factors, GRAMMY will need to take responsibility for the default debt of GMM ONE TV and pay off the whole amount of debts to the Bank. Here, GRAMMY will manage to call the Group of Mr.Takonkiet to pay 49% of the total debt amount in line with the Group of Mr.Takonkiet's shares holding ratio in The One Enterprise.

IFA conducted a sensitivity analysis by adjusting advertising rates to increase and decrease by 3% of growth rate in the year 2016, which is the base year of the analysis. The sensitivity analysis considers the possibility of advertisement rate per minute will decrease as the popularity of the ONE Channel decrease, according to the management of The One Enterprise. After considering the sensitivity analysis, the ability to repay the debt of the Group of The One Enterprise are as follows:

		Loan Amount (million)			Repayment Year	DSCR Ratio	Interest bearing debt ratio
		2016	2017	2018			
In case of advertisement rate increase by 3% from the base year, 57%, to 59%	Additional borrowing *Loan repayment* Additional borrowing *(Loan repayment) net*	1,653 (30) *1,623*	1,724 (880) *844*	46 (242) *(196)*	2566	Exceed the loan contract in 2016 -2017	In comply with the loan agreement
Base Case In case of advertisement rate in 2016 equals 57%	Additional borrowing *Loan repayment* Additional borrowing *(Loan repayment) net*	1,667 (30) *1,637*	1,749 (880) *869*	82 (242) *(160)*	2566	Exceed the loan contract in 2016 -2017	Exceed the condition in loan agreement in 2019
In case of advertisement rate decrease by 3% from the base year, 57%, to 55%	Additional borrowing *Loan repayment* Additional borrowing *(Loan repayment) net*	1,682 (30) *1,652*	1,774 (880) *894*	118 (242) *(124)*	2566	Exceed the loan contract in 2016 -2017	Exceed the condition in loan agreement in 2019

In 2559 It can be seen that advertisement rate grows from the base case, 57%, to 59%. The Group of The One Enterprise will slightly less capital in 2017-2019. Even though the DSCR ratio exceed the loan agreement but the interest bearing debt ratio still comply with the agreement. On the other hand, the advertisement rate decrease from base case, 57%, to 55%. The Group of The One Enterprise will need slightly more capital from the base year. In 2017-2019, the Group of The One Enterprise will capital from THB 15 million, THB 25 million and THB 36 million, respectively. This will result in the Group of The One Enterprise break both condition in loan agreement, DSCR ratio in 2016 – 2017 and Interest bearing debt ratio in 2018. Thus, the Group of The One Enterprise might have to negotiate with financial institution to relax the loan condition and/or raise more capital for ONE Channel to continue running the business.

1.3.2 Fairness of the Transaction Condition

The IFA evaluated the appropriateness of the conditions for the Company's guarantee on the additional debt of THB 1,100 million and existing credit facility of THB 4,400 million of GMM ONE TV (which consists of long-term loan of THB 2,500 million and loan guarantee of THB 1,900 million) for the entire amount from the credit agreement and the guarantee letter between the Bank, GMM ONE TV and other guarantor as well as other related contracts such as the shareholders' agreement between the shareholders of The One Enterprise and the guarantee contract (which was made between the Company and the Group of Mr. Takonkiet). The detail can be found in part 1 item 1.1.2 of this report.

The IFA sees that the Company may be affected by the condition of the credit agreement for the additional loan of THB 1,100 million and GMM ONE TV's existing credit facility of THB 4,400 million (which consists of long-term loan of THB 2,500 million and loan guarantee of THB 1,900 million) which requires Company to guarantee the debt obligation for the entire amount which is more than 51.00% of the shares the Company held in The One Enterprise. and GRAMMY has to pledge 51.00% shares in The One Enterprise as a security for the additional loan of THB 1,100 million (However, it depends on the agreement between the Company and financial institution). Such impacts are stated in the Disadvantages and Risks of the Transaction section (the detail is in part 1 item 1.2.2 of the report).

Nevertheless, the Bank requires the Group of Mr.Takonkiet, the other major shareholder of The One Enterprise (holding 49.00%) to be the guarantor of GMM ONE TV for the entire amount of its debt obligation. In addition, the Group of Mr.Takonkiet confirmed to fasten the process requesting the Bank to consider the change in the guarantee obligation that the Company has provided for GMM ONE TV to be in line with the shareholding proportion of the Company and the Group of Mr. Takonkiet in The One Enterprise at the present. The request is scheduled to be completed by February 28, 2017. Moreover, the Group of Mr. Takonkiet also entered into the guarantee agreement on the Company's guarantee obligation for GMM ONE TV to the Bank for 49.00% of the total principal and interest payable at the time the guarantee contract was signed (February 19, 2016). The Group of Mr. Takonkiet agrees to repay the debt per its shareholding proportion in The One Enterprise immediately when the Company is demanded for the payment on half of GMM ONE TV. The IFA views that with the conditions set by the Bank to the Group of Mr. Takonkiet, the shareholders' agreement of The One Enterprise, and the guarantee contracts as stated above are methods to help reduce the risk that the Company may be the sole responsible party for GMM ONE TV's debt (in the event that the Bank demands the guarantor to make the payment as a result of the breach of contract caused by any factor). Therefore, with limitations from the conditions set by the Bank for the credit facility, **the reasonableness of the transaction is deemed appropriate.**

Part 2 : Summary of the Opinions by the Independent Financial Advisor

Based on our analysis in relation to the appropriateness of the Transactions including the fairness of the Company's provision of financial assistance to the Group of Mr.Takonkiet (the major shareholder holds 49% of shares of The One Enterprise and a connected person of the Company) by the provision of a guarantee against the whole loan secured of THB 1,100 million and the whole banking facilities of THB 4,400 million of GMM ONE TV (which consists of long-term loan of THB 2,500 million and loan guarantee of THB 1,900 million), which are more than 51.00% of the Company's stake in The One Enterpris. IFA views that this transaction **is appropriate** due to the following reasons:

1. The guarantee on GMM ONE TV's additional loan of THB 1,100 million provided by the Company for the entire amount which will help GMM ONE TV to enter into a THB 1,100 credit facility with the Bank for its working capital. Such working capital is needed in order to operate TV Digital ONE channel as planned. In the beginning stage of TV Digital channel operation, GMM ONE TV has a need to use working capital for the production and the sourcing of quality television programs in order to make TV Digital One channel known to the target audience, build the regular audience base, and receive the decent popularity rating. It also has the need to use working capital for other expenses related to digital television business such as payment for of the Digital TV License bidding, annual digital TV license fee, and digital TV network utilization fee in order to maintain the digital TV license and continuously operate TV Digital ONE for the license's entire life of 15 years.

2. The guarantee would will TV Digital One Channel to have sufficient fund to operate the channel continuously as planned, which will help GMM ONE TV's performance and net profit to improve and grow in the future. Consequently, the Company, as a shareholder holding 51.00% in The One Enterprise (holding 100.00 stakes in GMM ONE TV) will also recognize the net profit portion from the performance of The One Enterprise in the financial statements of the Company in the future.

3. The IFA considers the ability to repay the loan of the Group of The One Enterprise in the future on time and in conditions specified by the loan agreement from the cash inflows and cash outflows of each year either from operating, investing, or financing activities and views that The One Enterprise has the ability to repay the loan of THB 2,500 million. The loan includes the existing long term loan facility, Digital TV license fee, and Digital TV network utilization leasing fee which is payable according to remaining guarantee contract of THB 1,900 million and additional loan of THB 1,100 million. (the loan detail is stated in 1.2.2 of this report)

4. The conditions for the transaction are appropriate as the Company and the Group of Mr.Takonkiet must be the guarantor of the additional loan of THB 1,100 million and the existing credit facility of THB 4,400 million (which consists of long-term loan of THB 2,500 million and loan guarantee of THB 1,900 million) of GMM ONE TV for both amounts per the conditions set by the Bank regarding the policy granting the credit. Moreover, the Group of Mr.Takonkiet agrees to repay the debt liability in proportion of shareholding in The One Enterprise to the Company when the Company is demanded by the Bank to repay GMM ONE TV's debt per condition set by the guarantee contract. This will lower the risk of the Company from being the sole responsible party bearing the debt of GMM ONE TV. (In case there is a breach of contract arose from any events causing the Bank to demand the payment from the Guarantor)

However, there are **disadvantages and risks** that the shareholders should take into consideration before making the decision to approve the transaction as follow :

- The Company has the total increased guarantee obligation on debts of GMM ONE TV of THB 5,500 million (which consists of the additional loan THB 1,100 million and the existing loan THB 4,400 million which consists of long-term loan of THB 2,500 million and loan guarantee of THB 1,900 million) which is more than Company's proportion of shareholding in the subsidiary.

- In the event that there is a breach of contract with the Bank or the business performance of TV Digital ONE Channel does not go as planned making GMM ONE TV unable to repay the debt to the Bank, the Company

has the risk as the Bank may demand the partial or whole payment of GMM ONE TV's debt. This would lower the financial status of the Company. However, with the condition specified in the guarantee contract of the Group of Mr.Takonkiet which allows that the debt obligation is to be in the Company's shareholding proportion of 49.00% in The One Enterprise, the impact of the transaction could be lessened to some extent in the event that the Bank demands the payment of GMM ONE TV's loan.

- The risk of the Company in searching for addition source of fun for the capital injection in The One Enterprise which the Company holds 51.00% in the event that The One Enterprise is unable to secure the additional fund from the financial institution and/or the business performance of The One Enterprise is lower than expected. Therefore, The One Enterprise may have to secure additional funds from the shareholders in order to have sufficient working capital to operate the digital TV business and to maintain debt to equity ratio to be in line with the condition set by the Bank.

The details of disadvantages and risks in transaction are presented in Part 1, item 1.2.2, of this report.

Hence, the shareholders should **approve** the entering into of this transaction.

The Impact of the Company in the event that the shareholders grant approve or do not grant the approval the transaction

- In the event that the shareholders' meeting of the Company approves the transaction, the Company will have the guarantee obligation on the debt of GMM ONE TV for the additional amount of THB 1,100 million which will make this financial support to be more than the Company's shares 51.00% in The One Enterprise and will support GMM ONE TV to obtain the source of funds to carry out its business plan. This will also increase the opportunity to receive higher return on the investment in the future of the performance of the ONE Channel is going as the Company expects.

- In the event that the shareholders' meeting of the Company does not approves the transaction, the Company will no longer have the guarantee obligation on the debt of GMM ONE TV for the additional loan amount of THB 1,100 million. For GMM ONE TV, such rejection of the transaction would restrict GMM ONE TV to enter into a credit agreement of THB 1,100 million with the Bank as it fails to satisfy the conditions set by the Bank. At present, GMM ONE TV is able to partially secure sources of fund (namely, the short-term loan facility of THB 287 million and the debentures that The One Enterprise's board of directors approved of no more than THB 1,000 million where The One Enterprise already one of contacted financial institutions to be the underwriter for the first lot of sales of THB 500 million) but still needs to secure additional sources of fund for THB 380 million. For this reason, GMM ONE TV may have to consider additional borrowing and/or increasing the capital and/or find strategic partners. The Company as a shareholder holding 51.00% in The One Enterprise (which holds 100.00% shares in GMM ONE TV) will need to find additional sources of fund to prepare for the possible capital injection in GMM ONE TV. Nevertheless, in the event that GMM ONE TV cannot seek for the sufficient sources of fund to operate the business planned for whatever reasons, GMM ONE TV may need to adjust its business direction to match the lower liquidity status. This includes production and sourcing quality programs which could affect the popularity rating and the income from the advertising of TV Digital ONE Channel not going as planned. This would result in a lower performance of GMM ONE TV and would impact the ability to pay for the digital TV licenses and/or other expenses bind by the existing business contracts of GMM ONE TV. This includes GMM ONE TV's the ability to repay the existing loan of THB 4,400 million. Failure to repay the loan at the specified period would impact the Company as a guarantor of the GMM ONE TV's debt and has a risk that the Bank would demand the payment from the Company to repay partially or the entire amount of GMM ONE TV's loan which would negatively affect the performance of the Company.

The decision to vote is solely dependable on the consideration and discretion of the shareholders. The shareholders should take into consideration the advantages, disadvantages, risks, limitations, and opinions expressed on consideration items of the Transactions as well as carefully consider the attached documents submitted to the shareholders along with the invitation letter to shareholders' meeting so as to make the most appropriate decision.

JayDee Partners Limited, as the Independent Financial Advisory of the Company, has performed the study and analysis with care in accordance with the professional standard and has provided the opinion based on the fair analysis of information by taking into consideration the benefits of all shareholders.

The opinion of the independent financial advisor is based on the information which has been received from the Company as well as interviews with the Company's management, publicly available information and other relevant documents. The Independent Financial Advisor assumes that all information received is truthful correct and reasonability. Therefore, if the said information is incorrect and/or is not truthful and/or has been significantly changed in the future, it will affect the opinion of the Independent Financial Advisor. Therefore, the Independent Financial Advisor is unable to certify or warrant the future impact that may arise to the Company and the shareholders. In addition, the opinion of the Independent Financial Advisor is only to provide comments to the shareholders, and providing this opinion does not warrant the accomplishment of the transaction and any impact flowing from the transaction to the Company.

This English report of the Independent Financial Advisor's opinion has been prepared solely for the convenience of foreign shareholders of the Company and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

Yours Sincerely,

-Mrs. Duangjai Lorlertwit-	*-Ms. Jirayong Anuman-Rajadhon-*
(Mrs. Duangjai Lorlertwit)	(Ms. Jirayong Anuman-Rajadhon)
Executive Partner	Managing Partner / Operation Controller

Jaydee Partners Limited, the Independent Financial Advisor

Enclosure 1 : General Information of GMM Grammy Public Company Limited

1. History of the Company

In 1983 the Company was established under the name "Grammy Entertainment Co., Ltd. The Company was principally engaged in producing modern Thai music and television programmes. The key historic milestones and events related to the Company's changes in the shareholding structure and business operations during 2013 - 2015 are as follows:

2013
- The Company launched "Pee Mak…Phra Khanong" movie, which generated up to THB 567 million in box office revenue, the highest amount in Thai movie history.
- The Company launched 13 episodes of "Hormones The Series" television series, which were broadcasted on ONE Channel and Youtube. The series became a big hit nationwide and gained over 80 million Youtube viewers.
- The Board of Directors of the Company passed the resolution of disposal of ordinary shares in the Listed Companies held by the Company at the price not less than the average cost of all shares held by the Company. Subsequently, the Company disposed the shares held in 3 Listed Companies for the net amount received of THB 1,456.41 million.
- The Company increased its capital by offering 106,052,989 new common shares to existing shareholders according to pro rata basis – 5 existing shares per 1 new share, at the price of THB 10.00 per share. During 2 – 6 September 2013 the Company received the net cash of THB 1,059.95 million from the subscription, increasing its registered capital to THB 636,317,936 or equivalent to 636,317,936 shares. The funds were subsequently used as working capital and investment in the digital TV business.
- The Company entered into an auction for licenses to use allocated frequencies for national commercial digital television services and won licenses in two categories: (1) high-definition for variety category for THB 3,320 million; and (2) standard-definition for variety category for THB 2,290 million.

2014
- On 7 February 2014, the Group paid the first installment of the license fees to operate on Digital Television Services for THB 1,317 million to the Office of the National Broadcasting and Telecommunications Commission. The license was granted on 25 April 2014 for the 15-year right to operate from 25 April 2014 to 24 April 2029.
- ONE Channel (Variety HD) had a trial broadcast during 1 – 24 April 2014 with the official broadcast on 1 May 2014, while GMM Channel (Variety SD) officially broadcasted on 23 May 2014.
- In July 2014, Z Trading Company Limited (previously called GMM Z Trading Company Limited), the Company's subsidiary, had acquired 30,000,000 shares of CTH Public Company Limited totaling THB 1,031 million. The Company settled the acquisition of those shares by the selling of 38,659,700 shares of GMM B Company Limited to CTH's subsidiary.
- The Company raised its registered capital from THB 636,317,936 million to THB 819,949,729 million, an increasing of THB 636,317,936 Million. The new common shares were allotted and offered to (1) the existing shareholders for the maximum of 63,631,793 shares according to pro rata basis – 10 existing shares per 1 new share, at the price of THB 13.50 per share; and (2) the private placement for the maximum of 120,000,000 shares and the remaining shares after the right offering allotment. The shares were priced by Book – Building method. The funds from the capital increase were utilized to strengthen the Company's financial status. In this regard, the Company offered 56,753,100 shares to the existing shareholders in (1) during 17 - 24 October 2014 and received THB 761.29 million from the subscription. During 19 -21 November 2014, the Company issued 126,878,693 shares (including the remaining shares after the right offering allotment) at the price of THB 13.50 per share to the private placement for the net cash of THB 1,712.86 million.
- The Extraordinary General Meeting of Shareholders No.2/2014 approved the disposal of common shares of SE-Education Public Company Limited held by the Company in the amount of not less than 30,000,000 shares up to 49,550,512 shares, at the price not less than THB 5.10 per share, totaling the minimum value will be THB 153.00 million to THB 252.71 million.

2015
- The Extraordinary General Meeting of Shareholders No. 1/2015 on 10 February 2015 approved the partial waiver of subscription right to the capital increase of ordinary shares in The One Enterprise Company Limited to the Group of Mr.Takonkiet Viravan (after the transaction, the Company's ownership interest in The One Enterprise Company Limited decreased to 51%). The Meeting also approved the disposal of the ordinary shares of ACTS STUDIO COMPANY LIMITED directly and indirectly held by the Company to The One Enterprise Company Limited.
- The Company disposed its investment in ACTS STUDIO COMPANY LIMITED and Exact Scenario Company Limited to The One Enterprise Company Limited.
- GMM TV Company Limited (a subsidiary in which the Company has indirect ownership interest through GMM Media Public Company Limited) disposed its investment in Me Mi ti Company Limited (70% ownership) to The One Enterprise Company Limited (the Company's subsidiary with 51% ownership).
- GMM Media Public Company Limited, the Company's subsidiary, disposed its investment in Index Creative Village Public Company Limited (50% ownership), which operates events planning business, to Wave Entertainment Public Company Limited.
- GMM Media Public Company Limited, the Company's subsidiary, disposed its investment in GMM Times Company Limited (50% ownership), which operates publishing business, to the Group of C True Company Limited.
- The Company disposed its investment in K Arena Company Limited (50% ownership), which operates karaoke service and rental business, to Major Cineplex Group Public Company Limited.
- A-Time Media Company Limited (a subsidiary in which the Company has indirect ownership interest through GMM Media Public Company Limited) disposed its investment in A Gen Event Agency Company Limited (70% ownership), which operates publishing and marketing businesses to the Group of Mr.Sippakorn Wongsman.
- The Company established a new subsidiary called GDH 559 Company Limited ("GDH 559") with registered capital of THB 5 million (51% ownership). GDH 559 is engaged in film production and distribution business.

2016
- GDH 559 Company Limited, the Company's subsidiary, increased its registered capital to THB 150 million.

As of 31 December 2015, the Company's registered and paid-up capital was THB 819,949,729, of which 819,949,729 shares were ordinary shares at THB 1.00 per share. The list of the Company's subsidiaries is as follows:

Company	Ownership Interest (%)	Type of Business
Subsidiaries directly held by the Company		
1. GMM Media Public Company Limited	99.92	Production of radio programmes
2. GMM Holding Company Limited	100.00	Holding company
3. GMM Music Publishing International Company Limited	100.00	Management of music copyrights
4. Fan TV Company Limited	51.00	Production of satellite television programmes
5. 3-RD Company Limited	50.00	Providing customer service via telephone
6. GR Vocal Studio Company Limited	100.00	Vocal and music schools
7. GMM CJ O Shopping Company Limited	51.00	Wholesale and retail by using advertising media and receiving phone orders
8. MGA Company Limited	100.00	Currently non-active
9. Digital Gen Company Limited	100.00	Currently non-active
10. Extraorganizer Company Limited	100.00	Currently non-active
11. More Music Company Limited	100.00	Currently non-active
12. GDC Company Limited	100.00	Providing service to game members, distribution of game cards
13. Z Trading Company Limited	100.00	Production and distribution of satellite television and digital TV receivers
14. GMM Channel Trading Company Limited	100.00	Production of digital television programmes

Company	Ownership Interest (%)	Type of Business
15. The ONE Enterprise Company Limited*	51.00	Production of digital television programmes
16. Digistream Company Limited	100.00	Providing music in streaming
17. GMM TV Company Limited	100.00	Production of television programmes
18. Deetalk Company Limited	100.00	Production of television programmes
19. GDH 559 Company Limited	51.00	Production of films and television programmes
Subsidiaries held by GMM Media Public Company Limited		
1. A-Time Media Company Limited	100.00	Sub - lease of radio stations
2. Teen Talk Company Limited	100.00	Currently non-active
3. Bliss Publishing Company Limited	100.00	Production and distribution of pocket books
4. Exact Company Limited	100.00	Production of television programmes
Subsidiaries held by GMM Holding Company Limited		
1. GMM Studio Company Limited	100.00	Studio service
2. Grammy Publishing House Company Limited	100.00	Distribution of education publication
3. GMM Fitness Club Company Limited	100.00	Currently non-active
4. Mifah Company Limited	100.00	Currently non-active
5. GMM Digital Domain Company Limited	100.00	Currently non-active
6. Magic Film Company Limited	90.91	Currently non-active
7. Global Music and Media (China) Limited	100.00	Currently non-active
Subsidiaries held by GMM Digital Domain Company Limited		
1. Digital Arms Company Limited	100.00	Currently non-active
Subsidiaries held by GMM Tai Hub Company Limited		
2. Good Things Happen Company Limited	51.00	Provide advertising media, public relations consulting, and organizer
Subsidiaries held by Z Trading Company Limited		
1. G S-one Company Limited	100.00	Currently non-active
2. GMM Z Company Limited	100.00	Satellite television platform provider
Subsidiary held by GMM Channel Trading Company Limited		
1. GMM Channel Company Limited	100.00	Production of digital television programmes

Remark: * In March 0216, the Company partially waived the subscription right to the capital increase of ordinary shares in The One Enterprise. Subsequently after such transaction, the Company's ownership interest in The One Enterprise decreased from 100% to 51%. As a result, the Company classified the investment in The One Enterprise as investment in joint ventures.

Source : The Company's financial statements for the Year Ended 31 December 2015

2. Overall Business Operations

The Company divided its businesses into two main categories as follows:

1) **Core Business** consisting of

1.1) Music business

Music business operates under the "Total Music Business" model, including artist selection, music production, marketing, music content management, and product distribution in both physical and digital formats. The business focuses on producing various types of music to satisfy customer demand. The Company has more than 300 artists, singers, actors, and actresses under management, and more than 40,000 songs in its music library. Music business can be arranged into five sub-businesses as follows: physical products and distribution business, digital content business, copyright management business, showbiz business, and artist management business.

1.2) Digital TV Business

The Company entered into an auction for licenses to use allocated frequencies for National Commercial Digital Television Services and won licenses in two categories: (1) High-Definition for Variety Category; and (2) Standard-Definition for Variety. The Company was granted the right to operate commercial digital television frequencies for 15 years since the grant date. Details of the Company's digital television channels are as follow:

Category	Standard Definition	High Definition
Channel name	GMM 25	One
Channel number	Channel 25	Channel 31
Channel format	All formats that bring in fun or a happy channel under the slogan "Enjoy every day, be together all the time".	High-quality variety programmes that reach all target groups including news, top-rated sitcoms, and prime time dramas under the project "For great dramas, watch Channel One".
Target group	Teenagers and new generation	Teenagers, families and working people who are modern and have good taste
Began broadcasting	April 2014	April 2014

2) **Other Business** which supports and extends the main business, for sustainable growth of the Company over the long term, consisting of

2.1) Radio business Radio programmes are produced and broadcasted through FM radio stations. In 2015, the Company has three radio stations as follows: (1) Green Wave FM 106.5 MHz. (2) EFM FM 94.0 MHz. and (3) Chill FM FM 89.0 MHz.

2.2) Movie business

In 2015, the movie business operated under GTH Company Limited, the Company's subsidiary, and released two films: "Freelance! Can't sick, Can't rest, Can't love the doctor", and "May Nai Fai Rang Frer". However, the Company ceased all of operations of GTH Company Limited from 31 December 2015 onwards, changed its shareholding structure, and established the new entity called GDH 559 Company Limited. The Company aimed to continue producing 3 – 4 quality films per year.

2.3) Home shopping business

Home shopping business is operated 24 hours through a program channel "O-Shopping" and managed by GMM CJ O Shopping Company Limited. The Company aims to become the leader of Thailand's home shopping business by creating a phenomenon of interactive home shopping experiences and providing candid information about products, called Shopfotainment Channel ("Shopping" "Information" "Entertainment"). The Company focuses on offering various product selections, free-of-change and fast delivery service all over the country, and multiple payment options, such as credit card or cash on delivery.

2.4) Satellite TV business

Satellite TV business can be divided into two main categories.

- "GMM Z" satellite TV platform The business sells satellite TV set-top-box (STB) to various target audiences as follows:
  - GMM Z HD for high-end customer groups who prefer watching high-definition channels.
  - GMM Z HD Lite for customer groups who prefer watching high-definition channels with digital TV compatibility at affordable prices.
  - GMM Z Smart for medium-level customer groups. The boxes can be used with C-Band And KU-Band satellite systems.
  - GMM Z Mini for customers with limited budgets who want to switch from televisions with antenna to satellite televisions.
  - GMM Z Mini GOLD which is the latest satellite TV set-top-box with gold interface, mini remote controller, and compact size.
  - GMM Z Zeason By Loxley digital TV set-top-box was developed by Z Trading Company Limited, the Company's subsidiary, and Loxley Public Company Limited.
- Satellite TV channel The business produces TV shows to be aired on satellite TV channels transmitted via Thai-Com. By the end of 2015, the Company has produced two free-to-air television programmes as follows:

Channel	Type of Program	Target Audience	First On Air
Fan Music	The Company's Thai music in all categories, including pop, rock, dance, and Thai look thung	General audience	Changed from Fan TV (focusing on Thai look thung) to Fan Music in 2015
Money Channel*	Finance and investments	General audience and professionals with interests on finance and investments	October 2009

Remark: * This channel is jointly-owned (50% each) with the SET, through the Company's subsidiary, Family Know-How Company Limited.

The following table exhibits the revenue structure of the Company and its subsidiaries for the year 2013 – 2015.

Table 8: Revenue Structure of the Company and Its Subsidiaries for the Year 2013 – 2015

	2013*		2014 (restated)		2015	
	THB Mil.	%	THB Mil.	%	THB Mil.	%
Music and digital content business						
Music business	1,666.70	15.2	1,490.39	16.1	1,174.21	12.1
Digital content business	569.67	5.2	466.23	5.0	833.47	8.6
Showbiz business	830.35	7.6	886.19	9.6	1,244.02	12.8
Total	**3,066.72**	**28.0**	**2,842.81**	**30.7**	**3,251.70**	**33.5**
Media business – ONE Channel						
Digital TV business and others	2,102.96	19.1	1,377.63	14.9	686.83	7.1
Total	**2,102.96**	**19.1**	**1,377.63**	**14.9**	**686.83**	**7.1**
Media business – GMM 25 Channel						
Digital TV business and others	1,078.79	9.8	875.51	9.4	1,044.18	10.8
Radio business	769.36	7.0	646.64	7.0	600.34	6.2
Total	**1,848.15**	**16.8**	**1,522.15**	**16.4**	**1,644.52**	**17.0**
Product shopping business						
Home shopping business	558.85	5.1	1,135.25	12.2	1,738.29	17.9
Satellite TV set-top-box and Satellite TV business	912.05	8.3	1,066.03	11.5	390.98	4.0
Total	**1,470.90**	**13.4**	**2,201.28**	**23.7**	**2,129.27**	**21.9**
Other businesses	2,123.42	19.3	913.50	9.9	886.00	9.1
Interest income	48.80	0.4	56.60	0.6	19.82	0.2
Dividend received	34.34	0.3	12.36	0.1	-	-
Gain from sales of the investments	-	-	147.05	1.6	228.14	2.4
Gain associated with the loss of control in subsidiaries	-	-	-	-	731.28	7.5
Other income	294.54	2.7	190.56	2.1	126.01	1.3
Total revenue	**10,989.83**	**100.0**	**9,263.94**	**100.0**	**9,703.57**	**100.0**

Remark: * Financial statement of 2013 does not adjust for the accounting standard newly announced in 2014, regarding to consolidated statements and joint arrangements

Source : The Company

3. Shareholders

A list of the Company's major shareholders as of 19 March 2015 (the latest book registration closing date) is as follows:

Table 9: The Company's Major Shareholders as of 19 March 2015

	Shareholders	Number of Shares	% of Total Shares
1.	Mr. Paiboon Damrongchaitham	392,646,499	47.89
2.	Mr. Thaveechat Jurangkool	132,082,123	16.11

	Shareholders	Number of Shares	% of Total Shares
3.	Mr. Nuttapol Jurangkool	62,397,500	7.61
4.	Bualuang Long-Term Equity Fund	24,437,800	2.98
5.	CREDIT SUISSE AG, SINGAPORE BRANCH	23,052,520	2.81
6.	Mr. Komol Juangroongruangkit	22,720,000	2.77
7.	Geurtfah Company Limited*	15,939,745	1.94
8.	Bangkok Bank Public Company Limited	12,278,693	1.50
9.	Mr. Fahmai Damrongchaitham	9,000,000	1.10
10.	Mr. Rafah Damrongchaitham	9,000,000	1.10
11.	Mr. Takonkiet Viravan	6,930,840**	0.85
12.	Bualuang Long-Term Equity Fund 75/25	5,151,900	0.63
13.	Bualuang Equity Retirement Mutual Fund	5,001,200	0.61
14.	Mrs. Charunee Chinwongvorakul	4,820,080	0.59
15.	Bualuang Flexible Retirement Mutual Fund	4,816,500	0.59

Remark: * As of 1 October 2015, shareholders of Geurtfah Company Limited consist of Miss Fahchai Damrongchaitham, Mr. Fahmai Damrongchaitham, Mr. Rafah Damrongchaitham, and Miss Ingfah Damrongchaitham; each holds 25.00% of total shares.

** As of 29 July 2015, Mr. Takonkiet Viravan hold 6,930,856 shares

Source : The Company and www.bol.co.th

4. Board of Directors

As of 29 February 2016, the Company's Board of Directors is as follows:

Table 10: The Company's Board of Directors as of 29 February 2016

	Name	Position
1	Mr. Paiboon Damrongchaitham	Chairman
2	Miss Boosaba Daorueng	Vice Chairman
3	Mr. Krij Thomas	Director
4	Mrs. Saithip Montrikul Na Ayudhaya	Director
5	Miss Suwimon Chungjotikapisit	Director
6	Mr. Sataporn Panichraksapong	Director
7	Miss Lackana Leelayouthayotin	Director
8	Mr.Naris Chaiyasoot	Independent Director / Chairman of the Audit Committee/ Chairman of the Nomination and Remuneration Committee/ Member of the Corporate Governance and Ethics Committee
9	Mrs. Veeranuch Thammavaranucupt	Independent Director / Audit Committee
10	Mr. Suvit Mapaisansin	Independent Director / Audit Committee / Member of the Nomination and Remuneration Committee/ Member of the Corporate Governance and Ethics Committee
11	Mr. Chanitr Charnchainarong	Independent Director / Audit Committee

Source : The Company

Directors with signing authority on behalf of the Company:
Miss Boosaba Daorueng or Miss Suwimon Chungjotikapisit has to co-sign with one of the following Directors: Mrs. Saithip Montrikul Na Ayudhaya or Mr. Krij Thomas, or Mr. Sataporn Panichraksapong, on the document with a Company's seal.

As of 29 February 2016, the Company's Management Team is as follows:

Table 11: The Company's Management Team as of 29 February 2016

	Name	Position
1	Miss Boosaba Daorueng	Chairman of the Group Executive Committee / Group CEO
2	Mr. Krij Thomas	Member of the Group Executive Committee / CEO – GMM Music
3	Mrs. Saithip Montrikul Na Ayudhaya	Member of the Group Executive Committee / CEO – GMM Chanel Digital TV

	Name	Position
4	Mr. Takonkiet Viravan	Member of the Group Executive Committee / CEO – GMM ONE Digital TV
5	Mrs. Karnsuda Saensut	Member of the Group Executive Committee / Chief Financial Officer
6	Mrs. Jiraporn Rungsrithong	Member of the Group Executive Committee / Chief Investment Officer
7	Miss Chitralada Hengyotmark	Member of the Group Executive Committee / Chief Legal Officer
8	Mr.Pawit Jittakorn	Member of the Group Executive Committee / Chief marketing officer

Source : The Company

5. Summary of Financial Statements and Operating Performance

The following table provides a summary of financial information in accordance with the financial statement of GRAMMY, audited by EY Office Limited, for the year ended 31 December 2013 - 2015.

Table 12: Summary of Financial Statements and Operating Performance of GRAMMY for the Year 2013 – 2015

GMM Grammy Public Company Limited and its subsidiaries	Consolidated		
Balance Sheet (unit : THB million)	**2013***	**2014 (restated)**	**2015**
Assets			
Cash and cash equivalents	1,653.07	864.53	1,058.81
Trade and other receivables	2,421.67	2,239.27	1,414.96
Inventories	619.68	629.25	300.99
Other current assets	4,083.24	1,559.52	571.75
Total current assets	**8,777.66**	**5,292.57**	**3,346.51**
Investments in joint ventures	-	326.15	616.36
Investments in associates	301.39	277.59	275.72
Long-term investment	342.48	1,286.43	3.50
Property, plant and equipment	1,785.01	1,428.85	524.05
Cost of digital TV licenses	-	4,685.38	1,739.14
Other non-current assets	1,396.97	1,164.37	1,360.05
Total non-current assets	**3,825.85**	**9,168.77**	**4,243.11**
Total assets	**12,603.51**	**14,461.34**	**7,589.62**
Liabilities			
Bank overdraft and short-term loans	4,329.44	964.06	3.00
Trade and other payables	2,521.76	1,801.36	1,489.01
Current portion of cost of digital TV licenses	-	916.38	409.81
Other current liabilities	1,065.48	786.40	664.85
Total current liabilities	**7,916.68**	**4,468.20**	**2,566.67**
Long-term loans - net of current portion	281.15	3,325.27	1,625.55
Cost of digital TV licenses payable – net of current portion	-	2,830.40	1,024.31
Other non-current liabilities	428.90	353.16	339.41
Total non-current liabilities	**710.05**	**6,508.83**	**2,989.27**
Total liabilities	**8,626.73**	**10,977.03**	**5,555.94**
Shareholders' equity			
Issued and fully paid	636.32	819.95	819.95
Share premium	3,712.76	5,979.80	5,978.13
Retained earnings	(898.40)	(3,310.92)	(4,508.81)
Other components of shareholders' equity	(405.05)	(445.52)	(467.05)
Equity attributable to owners of the Company	**3,045.63**	**3,043.31**	**1,822.22**
Non-controlling interests of the subsidiaries	931.15	441.00	211.46
Total shareholders' equity	**3,976.78**	**3,484.31**	**2,033.68**
Total liabilities and shareholders' equity	**12,603.51**	**14,461.34**	**7,589.62**

Remark: * Financial statement of 2013 does not adjust for the accounting standard newly announced in 2014, regarding to consolidated statements and joint arrangements

GMM Grammy Public Company Limited and its subsidiaries	Consolidated		
Income Statement (unit : THB million)	**2013***	**2014 (restated)**	**2015**
Sales of goods	2,275.71	2,677.33	2,743.01
Service income	7,514.83	5,348.11	4,606.89
Revenues from copyrights	821.61	831.94	1,248.43
Other income	377.68	406.56	1,105.24
Total revenue	**10,989.83**	**9,263.94**	**9,703.57**
Cost of sales and services	6,990.75	6,223.41	5,742.91
Selling and servicing expenses	1,006.55	815.16	638.89
Administrative expenses	3,185.43	2,979.10	2,889.16
Loss on impairment of other long-term investments	-	-	1,030.34
Total expenses	**11,182.73**	**10,017.67**	**10,301.30**
Share of profit (loss) from investments in associates	15.97	14.35	4.51
Share of profit (loss) from investments in joint ventures	-	10.15	(337.73)
Loss before finance cost and income tax expenses	**(176.93)**	**(729.23)**	**(930.95)**
Finance cost	(134.56)	(458.53)	(271.59)
Loss before income tax expenses	**(311.49)**	**(1,187.76)**	**(1,202.54)**
Income tax expenses	(91.21)	71.39	67.31
Loss for the year from continuing operations	**(402.70)**	**(1,116.37)**	**(1,135.23)**
Loss for the year from discontinued operations	(818.45)	(1,229.00)	-
Loss for the year	**(1,221.15)**	**(2,345.37)**	**(1,135.23)**

Remark: * Financial statement of 2013 does not adjust for the accounting standard newly announced in 2014, regarding to consolidated statements and joint arrangements

GMM Grammy Public Company Limited and its subsidiaries	Consolidated		
Cash Flow Statement (unit : THB million)	**2013***	**2014 (restated)**	**2015**
Net cash flows from (used in) operating activities	(839.09)	(2,120.93)	371.14
Net cash flows from (used in) investing activities	(402.77)	(677.88)	797.51
Net cash flows from (used in) financing activities	2,051.41	2,130.32	(972.88)
Increase (decrease) in translation adjustments	(1.34)	(0.11)	(1.49)
Net increase (decrease) in cash and cash equivalents	**808.21**	**(668.60)**	**194.28**

Remark: * Financial statement of 2013 does not adjust for the accounting standard newly announced in 2014, regarding to consolidated statements and joint arrangements

GMM Grammy Public Company Limited and its subsidiaries	Consolidated		
Financial Ratio	**2013***	**2014 (restated)**	**2015**
LIQIUDITY RATIO			
Current ratio (times)	1.11	1.18	1.30
Quick ratio (times)	1.03	1.04	1.19
Cash flow ratio (times)	-0.05	-0.27	0.21
Account receivable turnover (times)	4.79	5.06	6.88
Average collection period (days)	75	71	52
Inventory turnover (times)	8.43	9.97	12.35
Inventory days (days)	43	36	29
Account payable turnover (times)	3.73	3.91	4.82
Average payment period (days)	97	92	75
Cash Cycle (days)	21	15	7
PROFITABILITY RATIO			
Gross profit margin (%)	34.13%	29.74%	33.21%
Net profit margin (%)	-1.76%	-8.14%	-6.16%

GMM Grammy Public Company Limited and its subsidiaries	Consolidated		
Financial Ratio	**2013***	**2014 (restated)**	**2015**
Return on equity (%)	-11.67%	-26.04%	-11.80%
Net profit margin (%)	-42.12%	-79.24%	-47.09%
EFFICIENCY RATIO			409.81
Return on assets (%)	-10.66%	-17.83%	-10.39%
Asset turnover (times)	0.91	0.68	0.88
FINANCIAL POLICY RATIO			
Debt to equity ratio (times)	2.17	3.15	2.73
Dividend payout ratio (%)	-	-	-

Remark: * Financial statement of 2013 does not adjust for the accounting standard newly announced in 2014, regarding to consolidated statements and joint arrangements

Explanation and Assessment of Financial Statements and Operating Performance of GRAMMY
Operating Performance
Revenue
During 2013 – 2015, the Company has total revenue of THB 10,989.83 million, THB 9,263.94 million and THB 9,703.57 million, respectively. The Company generates revenue through music business, Digital TV business, radio media business, movie business, home shopping business and Satellite TV business. The revenue decrease of 15.70% or THB 1,725.89 million in 2014 is due to the economic slowdown and political issues in Thailand during 2014. The television transition from analog to digital, which was not yet fully developed and the low standard of rating system in 2014 altogether brought down the value of clients' advertising budget through digital TV. Though home shopping and movie business generated higher revenues, however other media businesses of the Company were affected from the drop of advertising budget overall as well.

In 2015, the Company's revenue relatively improved 4.75% or THB 439.64 million from 2014, driven by a strong growth in music and digital music, as well as home shopping achieved operating results as planned, while revenue from digital TV trended upward every quarter. Operating revenues, comprising sale of goods, service income, and revenue from copyright in 2015, declined by 2.92% from previous year, due mainly from the classification of investment in The One Enterprise as the Investment in Joint Venture and started to account for by using the equity method, so the financial information of ONE digital TV was deconsolidated since 2Q15.

Cost of sales and expenses
In 2013 – 2015, the Company had cost of sales and services of THB 6,990.75 million, THB 6,223.41 million and THB 5,742.91 THB million, respectively. As a percentage of sales of goods, service income and revenue from copyrights, cost of sales and services accounted for 65.87%, 70.26% and 66.79% in each year respectively. In 2014, the Company had lower cost of sales and services in music, media and satellite box business, corresponding to the lower revenues in each particular business. Meanwhile, cost of sales and services for digital television sector rose because of the increase in cost of digital TV licenses, cost of MUX and cost of TV program production. Home shopping sector also incurred higher cost in 2014, in line with its higher revenue.

In 2015, businesses which reported cost decrease were satellite box business, while music group succeeded with driving revenue growth under stringent cost control. Similarly, movie business kept costs well under control in spite of lower revenue, which led to an improvement in profitability. However, cost of sales and services of digital TV business increased from MUX expense and content costs, and Home Shopping costs rose in line with revenue growth.

Selling expenses, servicing expenses and administrative expenses in 2013 – 2015 were THB 4,191.98 million, THB 3,794.27 million and THB 3,528.05 million, respectively. As a percentage of sales of goods, service income and revenue from copyrights, cost of sales and services accounted for 39.50%, 42.84% and 41.03% in each year respectively. The decline in expenses were resulted from marketing expenses in music, media and satellite box business drop. Though, home shopping and digital TV expenses still reported higher expenses, the more efficient cost control and business restructuring altogether contributed to decline in total selling expenses, servicing expenses and administrative expenses of 7.02% in 2015.

Loss

In 2013 – 2015, the Company's net loss were THB 1,221.15 million, THB 2,345.37 million and THB 1,135.23 million in each year, respectively. Loss in 2014 was due to the lower value of advertising revenue, higher finance cost, higher production cost and net loss from pay TV during the first half of 2014.

For 2015, loss was resulted from the Company's accounting adjustments of setting up a provision for impairment of long-term investment in Pay TV business, together with recognition of digital TV licenses at present value in compliance with accounting principles published on February 8th, 2016 by Accounting Standards Board, leading to 92 THB million loss incurred, altogether resulted in a net loss for 2015. However, loss in 2015, improved from last year from a strong recovery of Music business together with Home shopping reached the breakeven point, while net loss mainly attributed from digital TV business during the investment period.

Financial Position

Assets

Total assets as of December 31, 2013 – 2015 were THB 12,603.51 million, THB 14,461.34 million and THB 7,589.62 million respectively, amounted to current assets of 69.64%, 36.60% and 44.09% of total assets in each year respectively. Primary components of current assets are trade receivables and other receivables from selling satellite box. The decreases in current assets in 2014 was due to the decline in cash and temporary investments which were used for debt repayment.

Meanwhile, non-current assets accounted for 30.36%, 63.40% and 55.91% of total assets in each year respectively. A significant increase of non-current assets in 2014 was due to the digital TV licenses acquisition on April 25, 2014 and other long-term investments in ordinary shares of CTH public company limited. While in 2015, non-current assets relatively declined due to sales of long term investment in SE-ED shares, disposal of investment in publishing, Index Creative Village and K-Arena of which were used to repay short term loan, working capital and loss on impairment of investment in CTH.

Liabilities

As of December 31, 2013 - 2015, the Company had total liabilities of THB 8,626.73 million, THB 10,977.03 million and THB 5,555.94 million, respectively. Current liabilities contributed to 91.77%, 40.70% and 46.20% of total liabilities in each year while non-current liabilities contributed to 8.23%, 59.30% and 53.80% of total liabilities in each year. In 2014, the company's total liabilities rose by 27.24% or THB 2,350.30 million from last year as a result of undue liabilities from digital TV licenses. For 2015, there was a sharp decline in total liabilities by 49.39% or THB 5,421.09 million from 2014 due mainly to the repayment of loans from banks and the decrease of liabilities from digital TV licenses after the shareholding arrangement in The One Enterprise.

Shareholders' equity

Shareholders' equity in 2013 - 2015 were THB 3,976.78 million, THB 3,484.31 million and THB 2,033.68 million, respectively. In 2014, shareholders' equity slightly decreased by 12.38% or THB 492.47 million because the Company incurred loss in previous year. Also, the Company' shareholders' equity also declined further in 2015 due to the Company's retained loss. In 2015, shareholders' equity decreased by 41.63% or THB 1,450.63 million because the Company incurred loss in previous year. In 2015, the Company able to maintain DSCR ratio and interest bearing debt within the range defined in the loan agreement.

Liquidity

For the 2013 - 2014, the Company's net cash flows used in operating activities were THB 839.09 million and THB 2,120.93 million respectively. While in 2015, the Company had net cash flows from operating activities of THB 371.15 million. Net cash flows used in investing activities during 2013 - 2014 were THB 402.77 million and THB 677.88 million respectively. The main portions of net cash flows used in investing activities in 2013 - 2014 were mainly from purchase of new equipment, temporary investment and cost of digital TV licenses. In 2015, the Company has net cash flow from investing activities of THB 797.51 million, primarily from sale of investments of subsidiaries and joint ventures. This was resulted from an adjustment of classification of investment in The One Enterprise as the Investment in Joint Venture. For net cash flow from financing activities, the Company accounted for THB 2,051.41 million and THB 2,130.32 million in 2013 and 2014 respectively. While in 2015, the Company's net cash flow used in financing activities was THB 972.88 million.

6. Industry Review

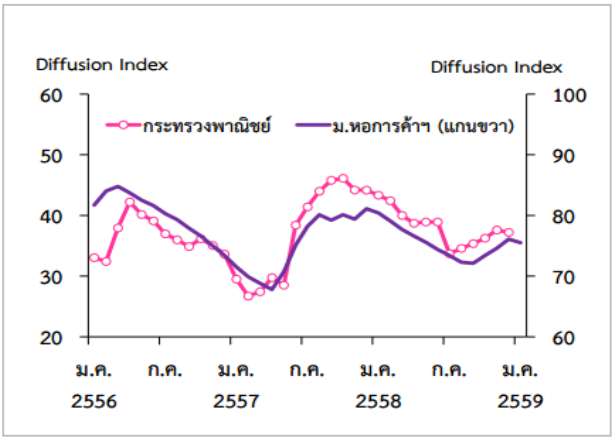
Since the Group is the producers and servicers of different media entertainment such as music, television programmes, radio programmes, motion pictures, magazines and live concert etc., the main revenue of the Group is its products' sale including airtime commercial and advertising spaces through different media channels. Thus the Group's revenue is closely tied to the development of domestic economy and the increasing of advertising budgets.

Thailand Economic Overview in 2015

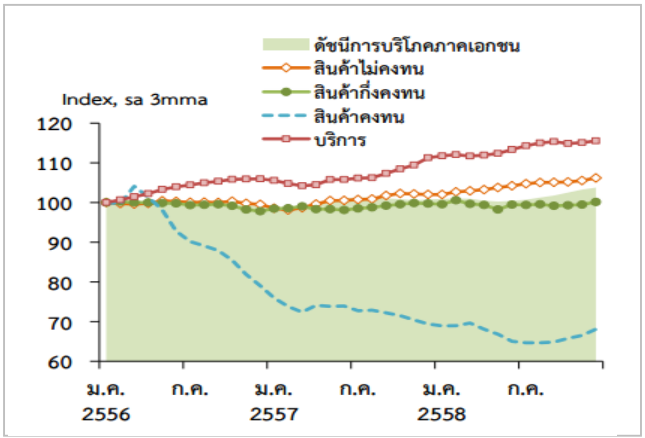
Data from the Bank of Thailand showed that the Thai economy expanded approximately 2.8% in 2015. In the 4th quarter of 2015 the Thai economy recovered at a gradual pace, mainly supported by government spending which continued to be well disbursed and private consumption. Despite falling farm income, the steady growth in non-farm income together with the persistent decreases in energy prices have partly supported households' purchasing power. Consumer confidence has also improved. As a result, spending on non-durable necessity goods and services, such as fuel and consumer products used in daily life, continued to expand moderately. In addition, at the end of 2015 the private consumption was boosted by the government's stimulus policies which allow Thai shoppers a tax deduction of up to THB 15,000 on receipted goods and services purchased during the festive season.

Manufacturing production and private investment slightly improved in the 4th quarter of 2015. The overall manufacturing production edged up mainly from temporary factors such as the acceleration in car production to meet domestic demand before the implementation of vehicle excise tax hike in 2016. In addition, the exports of the new models of eco-cars and commercial cars expanded extensively, owing to a gradual recovery of overseas demand. The production of electrical appliances increased following the growing exports to ASEAN and European countries in particular. Likewise, the production of electronic parts used in smart phone and tablet manufacturing industries expanded following the increased exports to China market.

Consumer Confidence Index (2013 – 2015)



Private Consumption Index (2013 – 2015)

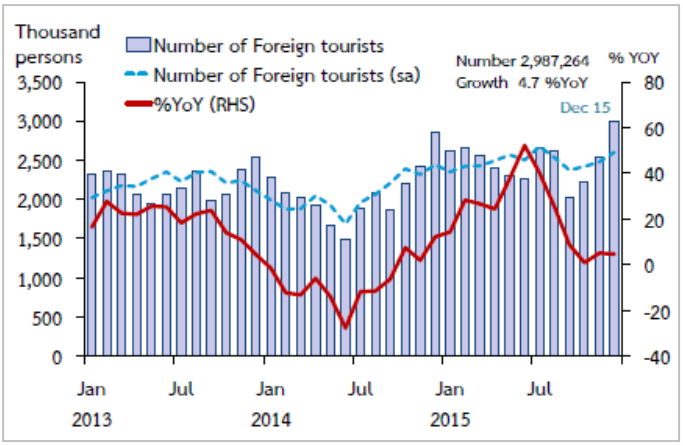


Source : Bank of Thailand

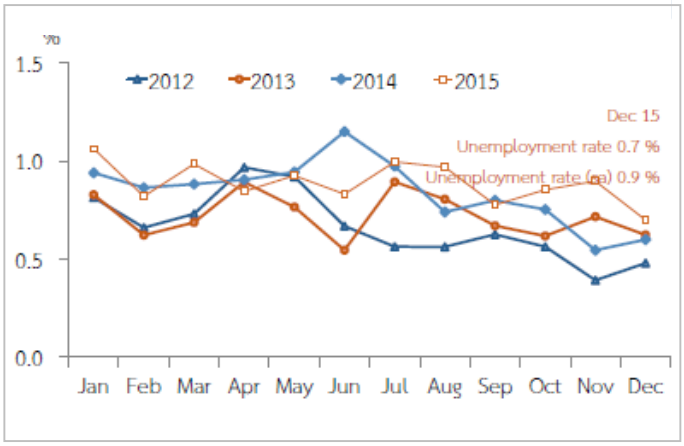
The service sector continuously expanded in the 4th quarter of 2015 and was the main driver of economic growth in this quarter. Retail and wholesale business continued to expand due to a gradual recovery in private consumption and the government's additional stimulus measures. On the other hand, hotel and restaurant businesses contracted as the number of foreign tourists in the beginning of the 4th quarter of 2015 was still affected from the bombing incident in Bangkok. In the 4th quarter of 2015, 7.8 million foreign tourists visited the country, increased by 3.7% from the same period last year as a result of a pick-up in East Asian tourist arrivals, especially Chinese tourists. However, number of foreign tourists after seasonal adjustment contracted by 4.6% as the aftermath of the Bangkok bombing incident in August 2015 remained in effect until the beginning of the 4th quarter of 2015. In addition, the occupancy rate after seasonal adjustment in the 4th quarter of 2015 declined to 59.5%, compared to 61.6% in the 3rd quarter of 2015. This was due to falling number of foreign tourists from commodity-exporting countries, which were impacted from subdued economic conditions.

Private investment in the 4th quarter of 2015 slightly improved. Yet, the improvement was limited only to investments in certain sectors as a result of temporary factors including accelerated commercial car purchases, increasing telecommunication and alternative energy investments, together with an expansion in corporate funding. However, investment for capacity expansion in other sectors remained subdued as exports continued to decline and domestic demand recovered slowly. Construction investment slightly improved as a result of an increase in construction area permitted. The real estate sector also improved in the 4th quarter of 2015. The number of real estate given lines of credit expanded by 6.6% and the number of real estate for sale increased by 5.2%.

Number of Foreign Tourists (2013 – 2015)



Unemployment Rate (2012 – 2015)



Source : Bank of Thailand

On the stability front, headline inflation became less negative compared as the high-base effect of oil prices gradually waned off. The unemployment rate remained at a low level. In the 4th quarter of 2015, the unemployment rate slightly dropped from the previous month due to an improvement in farm employment. The current account continued to register a surplus owing to the contracted merchandise imports.

However, the overall economic activity in the 4th quarter of 2015 was negatively affected by low farm income. The farm income fell 8.8% compared to the same period last year as a result of falling rubber and sugarcane prices, as well as a drop in paddy production due to drought. The value of merchandise exports, nevertheless, dropped significantly from a decrease in export prices of several products following global oil prices, as well as a decline in quantity due to the economic slowdown in China and ASEAN countries. The value of merchandise imports in the 4th quarter of 2015 contracted by 13.2% compared to the same period last year. If gold imports were excluded, the value of merchandise imports would drop even further at 15.3%. Imports of nearly all merchandise categories declined, except those with lower production costs following crude oil prices, and those with delay in production activities following unrecovered exports.

Thailand Economic Outlook 2016

According to data from the National Economic and Social Development Board ("NESDB") as of February 2016, Thai economy in 2016 is forecasted to grow by 2.8 - 3.8%, supported by (1) the acceleration of government expenditure and public investment; (2) contribution from the additional economic stimulus measures rolled out during September 2015 – January 2016; (3) depreciation of Thai baht which will enhance income and liquidity for exporters and producers; (4) low oil price will accommodate economic recovery; and (5) continual expansion of the tourism sector. It is expected that export value will grow by 1.2%; private consumption and total investment will grow by 2.7% and 4.9% respectively. Headline inflation is expected to lie in between (-1.0%) - 0.9% percent and the current account balance will be in a surplus of 8.2% of GDP.

Advertisement Industry

According to AGB Nielsen Media Research (Thailand) Limited's market research data assembled by the Advertising Association of Thailand, the value of advertisement through all channels in 2015 totaled THB 122,318 million, increasing by 3.34% compared with the value in the same period last year which totaled THB

118,364 million. Television was still the major advertising media. The value of advertisement through all related television business in 2015 totaled THB 84,511 million, constituting 69.09% of total value of advertisement and increasing from the value last year which totaled THB 79,590 million. In 2015 the value of digital TV advertisement had the highest growth rate at 143.91% as the advertising budgets of digital TV had increased due to the budget reallocation from analog TV, cable TV, and satellite TV. The value of advertisement through cinema, transit, internet, outdoor, and radio media also increased by 18.05%, 17.44%, 11.37%, 7.32% and 1.16% respectively. On the other hand, the value of advertisement through the following channels declined in 2015: in-stores -67.46%, cable and satellite TV -16.27%, magazines -14.28%, analog TV -9.80%, and newspapers -6.45%. The decrease in the advertisement value in 2015 was due to the economy and the consumer purchasing power which had not fully recovered. In particular, the drought conditions negatively affected the purchasing power of consumers in suburban areas. As a result, producers who supplied goods and services, especially those selling fast-moving consumer goods, reduced their advertising budgets in respect to declining sales.

Table 13 : Value of Advertisement through Different Media Channels during 2014 – 2015 and January 2016

Media (Unit : THB Million)	2014	2015	% Change	Jan 2014	Jan 2015	% Change
Television (Analog TV)	63,777	57,526	-9.80	4,251	3,865	-9.08
Television (Cable TV and Satellite TV)	7,232	6,055	-16.27	304	416	36.84
Television (Digital TV)	8,581	20,930	143.91	1,446	1,311	-9.34
Radio	5,610	5,675	1.16	336	354	5.36
Newspaper	13,182	12,332	-6.45	833	729	-12.48
Magazine	4,931	4,227	-14.28	291	198	-31.96
Cinema	4,349	5,134	18.05	293	328	11.95
Outdoor	3,974	4,265	7.32	311	381	22.51
Transit	3,813	4,478	17.44	283	365	28.98
In-Stores *	1,964	639	-67.46	76	27	-64.47
Internet	950	1,058	11.37	72	108	50.00
Total	**118,363**	**122,319**	**3.34**	**8,495**	**8,079**	**-4.90**

Remark * Since May 2015, in-stores media does not include media in Tesco Lotus and Big C.
Source : Media Agency Association of Thailand

In January 2016, the value of advertisement through all channels totaled THB 8,079 million, decreasing by 4.90% compared with the same period last year. The decline was due to falling advertisement values in main media channels, which included analog TV, digital TV, newspapers, magazines, and in-stores. This incident is very normal in advertising through television industry that is the value of advertising in the first quarter of year will remain at low level, however, it will increase to high level during the last quarter of the year. However, the Media Agency Association of Thailand expected the total value of advertisement for 2016 to increase by 3.5%, ending at THB 141,000 million. The growth in digital TV and interment advertisement is expected to largely contribute to the increase. In 2016, television advertisement is still expected to hold the highest percentage of 62% with the value totaled THB 85,500 million. The values of advertisement through media channels related to GRAMMY operations are expected to increase, which are digital TV, cable and satellite TV, and radio. The value of digital TV advertisement is expected to rise to THB 22,000 million, whereas the value of cable and satellite TV (not including True Vision) is expected to decline to THB 4,500 million. On the other hand, the value of radio advertising is expected to increase to THB 6,000 million.

The Office of the National Broadcasting and Telecommunications Commission reported the television rating of digital TV channels as of December 2015 as follows:


อันดับ 1
เรทติ้ง
2.305
อันดับ 2
เรทติ้ง
1.876
อันดับ 3
เรทติ้ง
0.590
อันดับ 4
เรทติ้ง
0.449
อันดับ 5
เรทติ้ง
0.373
อันดับ 6
เรทติ้ง
0.246
อันดับ 7
เรทติ้ง
0.220
อันดับ 8
เรทติ้ง
0.183
อันดับ 9
เรทติ้ง
0.134
อันดับ 10
เรทติ้ง
0.132
อันดับ 11
เรทติ้ง
0.122
อันดับ 12
เรทติ้ง
0.120
อันดับ 13
เรทติ้ง
0.081
อันดับ 14
เรทติ้ง
0.076
อันดับ 15
เรทติ้ง
0.072
อันดับ 16
เรทติ้ง
0.071
อันดับ 17
เรทติ้ง
0.061
อันดับ 18
เรทติ้ง
0.060
อันดับ 19
เรทติ้ง
0.057
อันดับ 20
เรทติ้ง
0.051
อันดับ 21
เรทติ้ง
0.050
อันดับ 22
เรทติ้ง
0.046
อันดับ 23
เรทติ้ง
0.029
อันดับ 24
เรทติ้ง
0.025
อันดับ 25
เรทติ้ง
0.022
อันดับ 26
เรทติ้ง
0.001
อันดับ 27
เรทติ้ง
0.000
อันดับ 28
เรทติ้ง
0.000

Enclosure 2 : General Information of The One Enterprise Co., Ltd.

1. History of The One Enterprise Co., Ltd.

The One Enterprise was established with registered capital of THB 1 million on 6 September 2013, to produce radio and high-definition programmes. The key historic milestones and events related to The One Enterprise's changes in capital and operations are as follows:

2013
- In September 2013, The One Enterprise was established under the name GMM HD Digital TV Trading Company Limited with registered capital of THB 1 million. The One Enterprise also established a subsidiary called GMM ONE TV Company Limited ("GMM ONE TV") with registered capital of THB 1 million.
- In October 2013, The One Enterprise and GMM ONE TV increased the registered capital to THB 200 million.
- In December 2013, GMM ONE TV entered into an auction for licenses to use allocated frequencies for national commercial digital television services under high-definition (HD) for variety category for THB 3,320 million.

2014
- On 7 February 2014, GMM ONE TV paid the first installment of the license fee to operate on Digital Television Services for THB 936 million to the Office of the National Broadcasting and Telecommunications Commission. The license was granted on 25 April 2014 for the 15-year right to operate from 25 April 2014 to 24 April 2029.
- In April 2014, The One Enterprise and GMM ONE TV increased the registered capital to THB 400 million.
- GMM ONE TV had a trial broadcast for its ONE Channel during 1 – 24 April 2014 and officially broadcasted on 1 May 2014.
- In June 2014, The One Enterprise changed its name from GMM HD Digital TV Trading Company Limited to GMM ONE TV Trading Company Limited.

2015
- In March 2015, The One Enterprise increased its registered capital to THB 900 million .
- In April 2015, The One Enterprise invested in Exact Scenario Company Limited with 100% shareholding interest, by acquiring shares hold by GMM Grammy Public Company Limited.
- In May 2015, The One Enterprise changed its name from GMM ONE TV Trading Company Limited to The One Enterprise Company Limited.
- In June 2015, The One Enterprise invested in Me Miti Company Limited with 70% shareholding interest, by acquiring shares hold by GMM Media Public Company Limited.
- In August 2015, The One Enterprise and GMM ONE TV increased the registered capital to THB 1,500 million and THB 1,200 million respectively.
- In September 2015, The One Enterprise increased its registered capital to THB 1,905 million and invested in ACTS STUDIO COMPANY LIMITED with 100% shareholding interest, by acquiring shares hold by GMM Grammy Public Company Limited and Scenario Company Limited.

As of 31 December 2015, The One Enterprise's registered and paid-up capital was THB 1,905 million, of which 19,050,000 were ordinary shares at THB 100.00 per share. The list of The One Enterprise's subsidiaries is as follows:

Company	Ownership Interest (%)	Type of Business
1. GMM ONE TV Company Limited Registered capital of THB 1,200 million	100.00	Production of digital television programmes
2. Exact Scenario Company Limited Registered capital of THB 1 million	99.98	Artist management
3. ACTS STUDIO Company Limited Registered capital of THB 405 million	99.99	Studio rental service
4. Me Mi ti Company Limited Registered capital of THB 6 million	70.00	Production of television programmes

Source : GRAMMY's financial statements for the Year 2015 and www.bol.co.th

2. Overall Business Operations

The One Enterprise and its subsidiaries are mainly engaged in the production and broadcast of digital television programmes, which includes related businesses such as artist management and event management businesses. GMM ONE TV, a subsidiary of The One Enterprise, holds the license to use allocated frequencies for national commercial digital television services under high-definition (HD) for variety category. The license grants the 15-year right to operate from 25 April 2014 to 24 April 2029. Its "ONE" digital TV channel is aired under the channel number 31. This ONE channel is managed by Mr. Takonkiet Viravan.

The ONE channel firmly concentrates on providing full entertainment services such as drama series, variety shows, news, talk shows, music and concerts, and live sports, etc. The production style and programmes are various; for example, television programmes produced by GMM ONE TV, purchases of television contents from the Group, purchases of copyrighted programmes from overseas, co-production of television programmes, etc. Currently, the channel "ONE" is broadcasted 24 hours a day, and the TV programme of ONE channel in February 2016 is as follows:

TV Programme of ONE Channel in February 2016



Source : The Company

3. Shareholders

A list of shareholders of The One Enterprise as of 5 November 2015 is as follows:

Table 14: Shareholders of The One Enterprise as of 5 November 20158

	Shareholders	Number of Shares	% of Total Shares
1.	GMM Grammy Public Company Limited	9,715,497	51.00
2.	Group of Mr. Takonkiet Viravan	9,334,500	49.00
	Scenario Company Limited*	6,634,500	34.83
	Mr. Takonkiet Viravan	1,500,000	7.87
	Wan Tam Dee Company Limited**	1,200,000	6.30
3.	Miss Boosaba Daorueng	1	0.00
4.	Mrs. Montana Thawaranont	1	0.00
5.	Mr. Somphob Butsapawanit	1	0.00
	Total	**19,050,000**	**100.00**

Remark: *As of 8 April 2015, shareholders of Scenario Company Limited consist of Mr. Takonkiet Viravan (52.50%), GMM Media Public Company Limited (25.00%) and others (22.50%).
** As of 8 April 2015, shareholders of Wan Tam Dee Company Limited is Viravan Family which directly and indirectly holds 74.17% of shares.
Source : www.bol.co.th

4. Board of Directors

As of 5 November 2015, the Board of Directors of The One Enterprise is as follows:

Table 15: Board of Directors of The One Enterprise as of 5 November 2015

	Name	Position
1	Miss Boosaba Daorueng	Director
2	Miss Lakkhana Leelayutthayothin	Director
3	Miss Chitlada Hengyotmak	Director
4	Mr. Takonkiet Viravan	Director
5	Mrs. Kanika Viravan	Director
6	Mr. Piya Sosothikul	Director
7	Mr. Somphob Butsapawanit	Director

Source : www.bol.co.th

Binding signatories are as follows:
Group 1 – Miss Boosaba Daorueng, Mr. Somphob Butsapawanit, and Miss Chitlada Hengyotmak
Group 2 – Mr. Takonkiet Viravan, Mrs. Kanika Viravan, and Mr. Piya Sosothikul
Joint signatures of one member of Group 1, and one member of Group 2, when affixed with the company's seal

5. Summary of Financial Statements and Operating Performance

The following tables provide a summary of financial information in accordance with separte financial statement of The One Enterprise for the year ended December 31, 2013 and consolidated financial statement of The One Enterprise and its subsidiaries for the year ended December 31, 2014 - 2015.

Table 16: Summary of Financial Position and Operating Performance of The One Enterprise for the year ended 2013 - 2015

The One Enterprise Company Limited and its subsidiaries	Separated	Consolidated	
Balance Sheet (Unit : THB million)	**2013**	**2014**	**2015**
Assets			
Cash and cash equivalents	0.74	43.85	196.25
Trade and other receivables	-	79.10	464.32

The One Enterprise Company Limited and its subsidiaries	Separated	Consolidated	
Balance Sheet (Unit : THB million)	**2013**	**2014**	**2015**
Inventories	-	17.71	305.37
Other current assets	-	112.86	385.45
Total current assets	0.74	**253.52**	**1,351.39**
Investment in subsidiaries	50.75	-	-
Property, plant and equipment	-	74.10	742.84
Intangible assets	-	50.38	283.13
Cost of digital TV license	-	2,815.60	2,618.87
Deferred tax assets	-	111.06	348.28
Other non-current assets	-	7.35	29.21
Total non-current assets	**50.75**	**3,058.50**	**4,022.33**
Total assets	**51.49**	**3,312.01**	**5,373.72**
Liabilities			
Short-term loans from banks	-	8.00	40.00
Trade and other payables	1.03	121.41	373.55
Unearned income	-	11.07	84.34
Current portion of long-term loans	-	-	30.00
Current portion of cost of spectrum license payables	-	618.73	500.56
Current liabilities	-	12.14	57.03
Total current liabilities	**1.03**	**771.35**	**1,085.48**
Long-term loans - net of current portion	-	1,095.43	2,619.54
Cost of Digital TV license payable – net of current portion	-	1,482.23	1,076.16
Provision for long-term employee benefits	-	7.55	70.70
Total non-current liabilities	**-**	**2,585.21**	**3,766.40**
Total liabilities	**1.03**	**3,356.56**	**4,851.88**
Shareholders' equity			
Paid-up capital	200.00	400.00	1,905.00
Issued and fully paid	50.75	400.00	1,905.00
Retained earnings (deficit)	(0.29)	(444.55)	(1,388.55)
Shareholders' equity	**50.46**	**(44.55)**	**516.45**
Non-controlling interests of the subsidiaries	**-**	-	5.39
Total shareholders' equity	**50.46**	**(44.55)**	**521.84**

The One Enterprise Company Limited and its subsidiaries	Separate	Consolidated	
Income Statement (Unit : THB million)	**2013**	**2014**	**2015**
Services income	-	100.31	927.48
Revenue from contract production and services	-	-	58.37
Revenue from copyrights	-	7.57	62.21
Revenue from sublease TV station	-	11.08	13.77
Revenue from artist management	-	-	48.96
Revenue from studio rental service	-	-	3.37
Other income	-	1.16	6.84
Total revenues	**-**	**120.12**	**1,121.00**
Cost of sales and services	-	379.93	1,269.38
Selling and servicing expenses	0.29	152.99	774.88
Total expenses	**0.29**	**532.92**	**2,044.26**
Finance cost	-	140.55	225.54
Loss before income tax expenses	**(0.29)**	**(553.35)**	**(1,148.80)**
Tax revenue	-	110.61	221.85
Loss for the year	**(0.29)**	**(442.74)**	**(926.95)**

The One Enterprise Company Limited	Consolidated	
Cash Flow Statement (Unit : THB million)	**2014**	**2015**
Net cash flows from (used in) operating activities	(323.85)	(1,370.09)
Net cash flows from (used in) investing activities	(981.77)	(1,330.89)
Net cash flows from (used in) financing activities	1,301.52	2,853.38
Net increase (decrease) in cash and cash equivalents	**(4.10)**	**152.41**

Remark: The One Enterprise did not report cash flow statement in FY2013

The One Enterprise Company Limited	Consolidated	
Financial ratios	**2014**	**2015**
Current ratio (time)	0.33	1.24
Quick ratio (time)	0.31	0.96
Account receivable turnover (time)	3.01	4.10
Average collection period (day)	120	88
Inventory turnover (time)	42.90	7.86
Average selling period (day)	8	46
Account payable turnover (time)	6.20	5.13
Average account payable day (day)	58	70
Cash Cycle (day)	70	63
Gross profit margin (%)	-219.37%	-13.93%
Operating profit margin (%)	-343.65%	-82.36%
Net profit margin (%)	-368.57%	-82.76%
Return on equity (%)	N/A	-393.17%
Return on assets (%)	-25.21%	-21.36%
Asset turnover (time)	0.07	0.26
Debt to equity ratio (time)	N/A	9.30
Interest coverage ratio (time)	(2.94)	(4.09)

Remark: IFA does not provide financial ratios in FY2013 since The One Enterprise has not yet performed the business operations in FY2013.

Explanation and Assessment of Financial Statements and Operating Performance of The One Enterprise

Operating Performance

Revenue

The One Enterprise was established in September 6, 2013 and officially began operating in May 2014. For FY 2014 – 2015, The One Enterprise's revenues accounted for THB 120.12 million and THB 1,121.00 million respectively. The major portion of revenues was from revenue from advertising and PR services which totaled to THB 100.31 million and THB 927.48 million or 83.50% and 82.74% of total revenues in each year. Revenue from copyrights accounted for THB 7.57 million and THB 62.21 million or 6.30% and 5.55% of total revenue, respectively.

Cost of sales and expenses

In the FY 2014 – 2015, The One Enterprise's cost of sales and expenses accounted to THB 532.92 million and THB 2,044.26 million or 443.65% and 182.36% of total revenues, respectively. The primary sources of expense included THB 68.49 million and THB 442.16 million for amortization of TV programmes copyright and computer software, respectively, THB 71.65 million and THB 338.07 million for employee's compensation and benefits respectively, THB 135.28 million and THB 196.73 million for amortization of cost of digital TV license and THB 17.71 million and THB 287.66 million respectively.

Net Profit

For the FY 2014 – 2015, The One Enterprise's net loss was THB 442.74 million and THB 926.95 million respectively due to the nature of the initial stage of an investment in digital TV business and since it was in the first phase of the transition of television system from analog to digital, as a result, the value of advertising

through digital TV remained at a low level. Plus, during the FY 2014 – 2015, the advertising industry was affected by the economic slowdown and political instability domestically.

Financial Position

Assets

Total assets for the year ended December 31, 2014 - 2015 amounted to THB 201.00 million, THB 3,312.01 million and THB 5,373.72 million respectively. The primary component of total assets was cost of digital TV license which amounted to THB 151.00 million, THB 2,815.60 million and 2,618.87 million, representing 75.13%, 85.01% and 48.73% of total assets, respectively. In 2015, property, plant and equipment accounted to THB 742.84 million or 13.82% of total assets while the trade and other receivables were THB 464.32 million or 8.64% of total assets.

Liabilities

Total liabilities for the year ended December 31, 2014 - 2015 amounted to THB 152.06 million, THB 3,356.56 million and THB 4,851.88 million respectively. In 2013, the primary component of total liabilities was short-term loans from banks which amounted to THB 151.00 million, representing 99.30% of total liabilities while cost of digital TV license payable was the major portion of total liabilities in 2014 - 2015 for which it accounted to THB 2,100.95 million and THB 1,576.72 million respectively, representing 62.59% and 32.50% of total liabilities. The cost of digital TV license payable will be fully installed within 2019. Furthermore, The One Enterprise's long-term loans - net of current portion in 2014 and 2015 amounted to THB 1,095.43 million and THB 2,691.54 million respectively, 32.64% and 53.99% of total liabilities.

Shareholders' equity

The One Enterprise's paid-up capital as of December 31, 2014 and December 31, 2015 were THB 400.00 million and THB 1,905.00 million respectively. In 2014, the Company had capital deficit of THB 44.55 million while the value of shareholders' equity in 2015 was THB 521.84 million. Moreover, the retained deficit in 2014 and 2015 were THB 444.55 million and THB 1,388.55 million respectively.

Liquidity

For the FY 2014 - 2015, The One Enterprise's net cash flows used in operating activities were THB 323.85 million and THB 1,370.09 million respectively. The main portion to net cash flows used in operating were loss before income tax expenses which accounted to THB 553.35 million and THB 1,148.80 million respectively. While net cash flows used in investing activities in FY 2014 - 2015 were THB 981.77 million and THB 1,330.89 million respectively in which the figures were mainly contributed from the cost of digital TV license which accounted to THB 785.00 million and THB 634.00 million respectively and the purchase of intangible assets which accounted to THB 118.87 million and THB 203.78 million respectively. In addition, the company made an investment of THB 382.00 million in the subsidiaries in 2015. Net cash flows from financing activities for FY 2014 – 2015 were THB 1,301.52 million and THB 2,853.38 million respectively; the most influential item affecting net cash flows from financing activities were long-term loans, THB 1,101.52 million and THB 1,321.38 million respectively, and capital raising, THB 349.25 million and THB 1,505.00 million respectively.

6. Industry Review

Details of the advertising industry and the rating of digital TV channels related to GMM ONE TV are presented in enclosure 1, item 6, of this report.