

## **Information Memorandum on the Asset Disposal of Nation Multimedia Group Public Company Limited**

The Board of Directors' Meeting of Nation Multimedia Group Public Company Limited (the **"Company"**) No. 13/2018, held on 13 November 2018 has a resolution for the Company to dispose 2 plots of land title deed no. 57894 and 61177, Tambon Mueang Kao, Amphoe Mueang Khon Kaen, Khon Kaen, with the total land area of 309 square wah, together with a buildings at No. 67 Moo 8, Lao Nadee Road, Tambon Mueang Kao, Amphoe Mueang Khon Kaen, Khon Kaen (**"Land and Buildings"**) to NML Co., Ltd. (**"NML"** or **"Purchaser"**) at Baht 12,000,000.

The transaction mentioned above is considered as a disposal of assets in accordance with the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 (2008) Re: Rule on Entering into Material Transactions Deemed as Acquisition or Disposal of Asset dated 31 August 2008 (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposal of Asset B.E. 2547 (2004) dated 29 October 2004 (as amended) (**the "Notification on Acquisition or Disposal of Assets"**). The highest transaction value equals 0.31 percent based on the value of consideration basis. The highest transaction value is derived from this method of calculation, whereby the calculation is based on the Company's reviewed consolidated financial statements for 3-month period as of 31 March 2018. When combining with the transaction of disposal of asset during the period of six months prior to the date on which the Company's Board of Directors has approved to dispose the Land and Buildings, comprising 2 transactions, i.e. (1) the transaction of the disposal of all investments in Nation U Company Limited, having the highest transaction value of 45.04 percent based on the net tangible asset basis, calculated from the Company's reviewed consolidated financial statements as of 30 September 2017, and (2) the transaction of the disposal of all investments in NML, having the highest transaction value of 1.82 percent based on the value of consideration basis, calculated from the Company's reviewed consolidated financial statements for 9-month period as of 30 September 2017. Therefore, the entering of transaction when combined with the transaction entered into in the period of 6 months prior to the date that the Company's Board of Directors resolved to approve the disposal of Land and Buildings have the total highest transaction value of 45.04 percent based on the net tangible asset basis, being considered as a Class 2 transaction under the Notification on Acquisition or Disposal of Assets. As a result, the Company is required to immediately disclose the information memorandum on entering into such transaction to the SET and send a circular letter to the shareholders of the Company within 21 days from the date on which the information memorandum on entering into such transaction is disclosed to the SET.

Therefore, the Company would like to disclose the details of the transaction as prescribed by the Notification on Acquisition or Disposal of Assets as follows:

### **1. Day/month/year in which the transaction occurs**

The Company will sign the land and buildings sale and purchase agreement within 25 December 2018 in accordance with the resolution of the Board of Directors No. 13/2018 of the Company, held on 13 November 2018.

## 2. Involved parties and relationships between the parties

<b>Land and Buildings Sale and Purchase Agreement</b>	
<b>Seller</b>	The Company
<b>Purchaser</b>	NML, which is not a connected person of the Company pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 (2008) Re: Rules on Connected Transactions dated 31 August 2008 (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, dated 19 November 2003 (as amended) (collectively, the “ <b>Notifications on Connected Transactions</b> ”).
<b>Detail of the asset to be disposed of</b>	2 plots of land title deed no. 57894 and 61177, Tambon Mueang Kao, Amphoe Mueang Khon Kaen, Khon Kaen, with the total land area of 309 square wah, together with a buildings at No. 67 Moo 8, Lao Nadee Road, Tambon Mueang Kao, Amphoe Mueang Khon Kaen, Khon Kaen
<b>Selling price</b>	Baht 12,000,000
<b>The transfer of ownership</b>	The Company agrees to register the transfer of ownership of the land and buildings under this agreement to NML at the authorized land office by 25 December 2018. NML has the right to use Land and Buildings under this agreement only after the transfer of ownership registration.

## 3. General characteristics of the transaction and transaction value and details of the asset disposal

### 3.1 General Characteristics

The Company will dispose 2 plots of land title deed no. 57894 and 61177, Tambon Mueang Kao, Amphoe Mueang Khon Kaen, Khon Kaen, with the total land area of 309 square wah, together with a buildings at No. 67 Moo 8, Lao Nadee Road, Tambon Mueang Kao, Amphoe Mueang Khon Kaen, Khon Kaen at the price of Baht 12,000,000.

### 3.2 Calculation of transaction value

The calculation under the Notification on Acquisition or Disposal of Assets based on the latest reviewed consolidated financial statements of the Company for 3-month period as of 31 March 2018 has the details as follows:

### **1. Net Tangible Asset Criteria**

Cannot be calculated since this is the transaction of the disposal of land and buildings

### **2. Net Profits from Normal Operation Criteria**

Cannot be calculated since this is the transaction of the disposal of land and buildings

### **3. Total Value of Consideration Criteria**

$$\begin{aligned}\text{Total Value of Consideration} &= \frac{(\text{Paid or received transaction value} \times 100)}{\text{Total asset of the listed company}} \\ \text{Paid or Received Transaction Value} &= \text{Purchase and sale price} \\ &= 12.00 \\ \text{Total Value of Consideration} &= \frac{12.00 \times 100}{3,917.69} \\ &= 0.31\%\end{aligned}$$

### **4. Value of Securities Issued as Consideration for the Acquisition of the Asset Criteria**

Cannot be calculated, as this is the transaction of the disposal of land and buildings.

From the calculation of the transaction value above, the highest transaction value equals 0.31 percent under the value of consideration basis. The highest transaction value is derived from this method of calculation, whereby the calculation is based on the Company's reviewed consolidated financial statements for the 3-month period as of 31 March 2018. When combining with the transactions of disposal of asset during the period of six months prior to the date on which the Company's Board of Directors has approved to dispose the Land and Buildings, comprising 2 transactions, i.e. (1) the transaction of the disposal of all investments in Nation U Company Limited, having the highest transaction value of 45.04 percent based on the net tangible asset basis, calculated from the Company's reviewed consolidated financial statements as of 30 September 2017, and (2) the transaction of the disposal of all investments in NML, having the highest transaction value of 1.82 percent based on the value of consideration basis, calculated from the Company's reviewed consolidated financial statements for 9-month period as of 30 September 2017. Therefore, the entering of transaction when combined with the transaction entered into in the period of 6 months prior to the date that the Company's Board of Directors resolved to approve the disposal of Land and Buildings have the total highest transaction value of 45.04 percent based on the net tangible asset basis, being considered as a Class 2 transaction under the Notification on Acquisition or Disposal of Assets. As a result, the Company is required to immediately disclose the information memorandum on entering into such transaction to the SET and send a circular letter to the shareholders of the Company within 21 days from the date on which the information memorandum on entering into such transaction is disclosed to the SET.

### 3.3 Rationale and background of the transaction

Currently, the Company encounters the situation of the lack of financial liquidity and the cash flow for debt repayment and business operation, as the Company has continuous loss. Thus, the Company considers the business restructure of the Company's group, whereby the Company considers the disposal of assets, which does not impact the core business operation, and the Company does not need to rely or use disposed assets. The Company will focus on its core business consisting of printing, relevant events hosting, content creation and television media business, all of which are the businesses that the Company has experience and expertise in. Thus, the Company considers disposing Land and Buildings since such Land and Buildings do not have a very large area, and the Company does not optimize the use of it. Such disposal of assets does not have significant impact on the Company's core business. Also, the disposal of Land and Buildings will help the Company have cash flow to repay the debt within the time specified, which will reduce the burden on interest expenses and increase the financial liquidity of the Company to be used as working capital.

#### 4. Description of asset to be disposed of

Details of Land and Buildings are as follows:

Characteristics of asset	2 plots of land title deed no. 57894 and 61177, Tambon Mueang Kao, Amphoe Mueang Khon Kaen, Khon Kaen, with the total land area of 309 square wah, together with a buildings comprising an office building with 2 floors and a warehouse with 1 floor, the total area of which is 709.60 square meters.
Location	No. 67 Moo 8, Lao Nadee Road, Tambon Mueang Kao, Amphoe Mueang Khon Kaen, Khon Kaen
Document of right	The land title deed No. 57894, Land no. 272, area 180.30 square wah The land title deed No. 61177, Land no. 271, area 128.70 square wah
Legal rights	Absolute ownership
Liability	No any liability with financial institutions
The use prior to the disposal	Used as an office and a warehouse (Transport business)

#### 5. Total value of consideration

The Company will dispose Land and Buildings to NML at Baht 12,000,000.

#### 6. Criteria to determine total value of consideration

The sale of Land and Buildings to NML at the price of Baht 12,000,000 is the price and terms negotiated between the Purchaser or NML and the Company, together with the

valuation of Land and Buildings from a valuer approved by the Securities and Exchange Commission ("SEC").

The value of consideration is derived from the price negotiated between the Purchaser or NML, compared with the market value and the forced sale value of Land and Buildings that are appraised by Prospec Appraisal Company Limited, which is a valuer approved by the SEC. The value of consideration falls between the market value and the forced sale value appraised or equal to Baht 10.311 – 14.740 million. Such value of consideration is higher than the book value from the Company's financial statements and the cost that the Company obtained the Land and Buildings. Although the price from negotiation with NML in this transaction is lower than the appraised market value or equal to Baht 14.74 million, during the beginning of this year the Company asked for approval of the disposal of Land and Buildings from the Extraordinary General Meeting of Shareholders No. 1/2018, held on 28 February 2018, whereby the "basic price" used for the tender is Baht 14.84 million, which is the price close to the appraised market value. The Company has attempted to proceed with the tender to sell such assets for 2 times during March and April 2018, but no one was interested in sending a tender for such assets, which results in the Company's need to have the resolution of Extraordinary General Meeting No. 2/2018, held on 19 June 2018 to approve the cancellation of the disposal of assets under resolution in Agenda 3 of the Extraordinary General meeting No. 1/2018, held on 28 February 2018 since in practice, the "basis price" approved in the Agenda 3 of the Extraordinary General meeting No. 1/2018 is not consistent with the market conditions of the assets at the time of tender.

The Board of Directors has considered and opined that the determination of such price is appropriate for the Company to be able to dispose the assets at the price consistent with the market and industry conditions in the economic downturn. In addition, the Company has a need to use such cash flow to repay debt which would help reduce the burden from interest expenses and for working capital that will allow the Company to continuously operate its business. In addition, the disposal of such assets is to reduce the assets that have low level of liquidity and are not used efficiently, and the disposal of such assets does not have a significant impact on the Company's business operation. Even when the Company needs to use a space, the Company can still lease a space with a proper size for its operation.

## **7. Expected benefits to the Company from the asset disposal**

- 7.1 This asset disposal will help reduce the debt of the Company, making the Company able to repay the debt at the specified date and operate business continuously. Currently, the Company has debts with interest with the financial institutions and short-term loans in the amount of approximately Baht 1,337.59 million. The Company will use the proceeds received from this transaction to repay the short-term loan from bill of exchange and for working capital
- 7.2 This asset disposal will help reduce the risk from managing capital structure, making the Company receive working capital available for the demand of cash flow in a timely manner
- 7.3 This asset disposal will also help reduce the high-rate interest expenses since the Company can use the proceeds received from the disposal of assets to repay the debts.

- 7.4 The Company will have gains from the sale of assets in the amount of approximately Baht 9.50 million since the Company disposed the Land and Buildings at the price higher than the cost the Company obtained such Land and Buildings.
- 7.5 Prior to the disposal of investment in NML to SPP Intelligence Company Limited under the resolution of the Board of Directors meeting No. 8/2018 on 17 August 2018, NML is the one uses Land and Buildings in most parts. The Company only utilized some part of the land as an office only. The Company has assessed the potential to develop the land for utilization and opined that the Land and Buildings have limited area which would be hinder the utilization of the space in an efficient manner.

## **8. Plans for utilizing the proceeds from the asset disposal**

Proceeds received from the disposal of Land and Buildings to NML would be used to repay the short-term liability of the Company since the Company has short-term loan in the amount of Baht 1,337.59 million and still has a liability from the license of digital television in the amount of Baht 1,499.00 million. In this regard, the Company would be able to repay debt in a specified date and reduce the debt burden from high-rate interest expenses from such debt.

In addition, the Company may use the remaining proceeds as working capital to increase the financial liquidity of the Company's core business that the Company has expertise in and consistent with the Company's policy, i.e. printing media, organizing of relevant activities, production of the contents, television media, and the production of the program contents, including the relevant businesses that have the potential to grow and support the main business of the Company, for the Company to be able to continuously operate.

## **9. Condition for the entering into the transaction**

This entering into the transaction is considered as a Class 2 disposal of listed company's assets under the Notification on Acquisition or Disposal of Assets. After the Company has obtained approval from the meeting of Board of Directors No. 13/2018, held on 13 November 2018, the Company is required to immediately disclose the information memorandum on entering into such transaction to the SET and send a circular letter to the shareholders of the Company containing the minimum information as required by the Notification on Acquisition or Disposal of Assets within 21 days from the date on which the information memorandum on entering into such transaction is disclosed to the SET.

The Company will sign the land and buildings sale and purchase agreement with NML and the Company agreed to register the transfer of ownership of Land and Buildings under this agreement to NML at an authorized Land Office within 25 December 2018

## **10. Opinion of the Board of Directors on the entering into the transaction**

The meeting of the Board of Directors No. 13/2018, held on 13 November 2018, has carefully considered this transaction, by considering the conditions of the transaction, the appropriateness of the sale value and the ability to repay of the Purchaser and viewed that NML which is a subsidiary of Single Point Parts (Thailand) Public Company Limited, the company listed on the SET, is reliable and financially stable and has the ability to make payment under the specified conditions. Also, on 18 October 2018, NML signed and sent the

letter to express its intention to purchase Land and Buildings at Baht 12,000,000 to the Company, expressing its intention to sign the land and buildings sale and purchase agreement, make payment and register the transfer of ownership within 25 December 2018. Therefore, the Board of Directors has an opinion that the entering into the transaction is appropriate and for the benefits of the Company and the shareholders, and under reasonable conditions.

In addition, the Board of Directors has considered and opined that prior to the disposal of investment in NML to SPP Intelligence Company Limited under the resolution of the Board of Directors meeting No. 8/2018 on 17 August 2018, NML is the person who used Land and Buildings in most parts. The Company utilized some part of the Land as an office only. The Company has assessed the potential to develop the land for utilization and opined that the Land and Buildings have limited space which would hinder the utilization of the space in an efficient manner. The disposal of Land and Buildings to NML does not have an impact on the Company's business operation, and also would reduce the debt burden of the Company, making the Company able to repay the debt at a specified time and operate business continuously, as well as reduce the risks from managing the capital structure, resulting in working capital available for the demand to use cash flow of the Company in a timely manner.

**11. Opinion of the Audit Committee and/or opinion of the director which is different from the opinion of the Board under Clause 10**

All directors of the Company have the same opinions as specified in the Board of Directors' resolution above (unanimity) and no audit committee member has an opinion different from such Board's resolution.

## **Information Memorandum 2**

**1) Responsibility of the Board of Directors on Information Memorandum which is sent to Shareholders**

The Board of Directors of the Company have reviewed and examined the information of this memorandum with care and certified that the information contained in this memorandum is accurate, complete, truth, not materially misleading and no important information, which should be disclosed, are omitted.

**2) The Qualification of Independent Financial Advisor to Express the Opinion of the Transaction**

-None-

**3) Financial Statements**



## Consolidated financial statements

### Nation Multimedia Group Public Company Limited and its Subsidiaries

(in thousand Baht)

Statement of financial position	2015	%	2016	%	2017	%	Q1-2018	%
Cash and cash equivalents	207,525	3%	233,694	4%	186,399	5%	219,484	6%
Current investments	822,150	11%	422,376	6%	125,421	3%	127,740	3%
Trade accounts receivable	588,557	8%	398,049	6%	274,768	7%	202,840	5%
Accrued income	167,704	2%	99,469	2%	77,070	2%	89,605	2%
Other receivables	85,826	1%	89,842	2%	59,605	1%	53,136	1%
Inventories	379,968	5%	136,926	2%	68,116	1%	59,211	1%
Other current assets	242,306	3%	321,559	5%	285,793	7%	268,207	7%
<b>Total current assets</b>	<b>2,494,036</b>	<b>33%</b>	<b>1,701,915</b>	<b>27%</b>	<b>1,077,172</b>	<b>26%</b>	<b>1,020,223</b>	<b>26%</b>
Long-term investments	32,419	0%	30,572	0%	27,245	1%	25,441	1%
Property, plant and equipment	1,646,419	22%	1,488,481	23%	1,462,585	36%	1,425,756	36%
Investment properties	44,678	0%	75,447	1%	70,655	2%	70,259	2%
Intangible assets	115,517	2%	171,182	3%	66,984	2%	28,840	1%
Digital television licences	2,783,780	37%	2,574,171	40%	1,049,289	26%	1,026,418	26%
Deferred tax assets	262,922	3%	112,053	2%	77,317	2%	71,676	2%
Other non-current assets	242,371	3%	231,609	4%	238,683	6%	249,078	6%
<b>Total non-current assets</b>	<b>5,128,106</b>	<b>67%</b>	<b>4,683,515</b>	<b>73%</b>	<b>2,992,758</b>	<b>74%</b>	<b>2,897,468</b>	<b>74%</b>
<b>Total assets</b>	<b>7,622,142</b>	<b>100%</b>	<b>6,385,430</b>	<b>100%</b>	<b>4,069,930</b>	<b>100%</b>	<b>3,917,691</b>	<b>100%</b>
Bank overdrafts and short-term loans from financial institutions	590,385	8%	549,431	9%	864,674	21%	873,856	22%
Trade accounts payable	133,706	2%	99,264	1%	105,023	3%	122,044	3%
Current portion of digital television licences payable	556,204	7%	584,069	9%	297,964	7%	299,514	8%
Current portion of long-term loans from financial institutions	-	0%	120,000	2%	156,000	4%	125,000	3%
Short-term borrowings	-	0%	550,000	9%	553,500	14%	560,107	14%
Current portion of finance lease liabilities	1,561	0%	1,066	0%	-	0%	-	0%
Other payables	26,329	0%	26,140	0%	67,395	2%	64,344	2%
Accrued expenses	216,232	3%	187,345	3%	166,497	4%	172,827	4%
Current income tax payable	418	0%	8	0%	-	0%	-	0%
Other current liabilities	329,558	5%	368,665	6%	289,613	7%	241,017	6%
<b>Total current liabilities</b>	<b>1,854,393</b>	<b>25%</b>	<b>2,485,988</b>	<b>39%</b>	<b>2,500,666</b>	<b>62%</b>	<b>2,458,709</b>	<b>64%</b>
Digital television licences payable	1,714,138	22%	1,130,070	18%	1,131,218	28%	1,137,101	29%
Long-term loans from financial institutions	-	0%	158,833	2%	47,000	1%	68,375	2%
Finance lease liabilities	1,271	0%	-	0%	-	0%	-	0%
Deferred tax liabilities	17,826	0%	20,909	0%	31,230	1%	35,722	1%
Employee benefit obligations	163,856	2%	167,253	3%	137,981	3%	141,565	4%
Other non-current liabilities	130,432	2%	105,061	2%	87,315	2%	80,042	2%
<b>Total non-current liabilities</b>	<b>2,027,523</b>	<b>26%</b>	<b>1,582,126</b>	<b>25%</b>	<b>1,434,744</b>	<b>35%</b>	<b>1,462,805</b>	<b>37%</b>
<b>Total liabilities</b>	<b>3,881,916</b>	<b>51%</b>	<b>4,068,114</b>	<b>64%</b>	<b>3,935,410</b>	<b>97%</b>	<b>3,921,514</b>	<b>100%</b>
Share capital	2,155,849	28%	2,155,959	34%	2,155,959	53%	2,155,959	55%
Premium on ordinary shares	1,169,345	15%	1,169,694	18%	1,169,694	29%	1,169,694	30%
Share premium on ordinary shares of subsidiaries	95,398	1%	96,605	2%	96,939	2%	96,939	2%
Warrants	18,665	0%	30,012	0%	35,345	1%	36,197	1%
Reserve on acquisition of warrants	(91,013)	-1%	(91,013)	-1%	(91,013)	-2%	(91,013)	-2%
Other components of equity	(4,251)	0%	(4,232)	0%	167,161	4%	167,161	4%
Retained earnings (Deficit)								
- Legal reserves	32,700	1%	32,700	1%	32,700	1%	32,700	1%
- Unappropriated (Deficit)	(91,467)	-1%	(1,399,685)	-22%	(3,556,270)	-87%	(3,680,990)	-94%
Non-controlling interests	455,000	6%	327,275	5%	124,005	3%	109,530	3%
<b>Total equity</b>	<b>3,740,226</b>	<b>49%</b>	<b>2,317,316</b>	<b>36%</b>	<b>134,520</b>	<b>3%</b>	<b>(3,823)</b>	<b>0%</b>
<b>Total liabilities and equity</b>	<b>7,622,142</b>	<b>100%</b>	<b>6,385,430</b>	<b>100%</b>	<b>4,069,930</b>	<b>100%</b>	<b>3,917,691</b>	<b>100%</b>

## Nation Multimedia Group Public Company Limited and its Subsidiaries

(in thousand Baht)

Statement of income	2015	%	2016	%	2017	%	Q1-2018	%
Revenue from sale of goods and rendering of services	2,399,514	94%	2,021,669	96%	1,809,052	96%	391,126	94%
Investment income	28,810	1%	22,604	1%	8,711	0%	789	0%
Gain on disposal of investments	61,521	2%	-	0%	-	0%	-	0%
Other income	60,115	2%	62,066	3%	72,561	4%	24,159	6%
<b>Total income</b>	<b>2,549,960</b>	<b>100%</b>	<b>2,106,339</b>	<b>100%</b>	<b>1,890,324</b>	<b>100%</b>	<b>416,074</b>	<b>100%</b>
Cost of sale of goods and rendering of services	2,209,915		2,000,460		1,699,708		311,707	
Selling and administrative expenses	876,828		1,114,444		2,370,976		189,424	
<b>Total expenses</b>	<b>3,086,743</b>		<b>3,114,904</b>		<b>4,070,684</b>		<b>501,131</b>	
<b>Profit (loss) before finance cost and income tax expense</b>	<b>(536,783)</b>		<b>(1,008,565)</b>		<b>(2,180,360)</b>		<b>(85,057)</b>	
Finance costs	(166,022)		(152,358)		(173,896)		(43,872)	
Income tax (expense) benefit	115,322		(157,819)		(24,166)		(10,133)	
Share of profit (loss) of associate	320		1,080		70		(48)	
<b>Profit (loss) for the year</b>	<b>(587,163)</b>		<b>(1,317,662)</b>		<b>(2,378,352)</b>		<b>(139,110)</b>	
Non-controlling interests	8,638		138,189		221,867		14,390	
<b>Profit (loss) to owners of parent</b>	<b>(578,525)</b>		<b>(1,179,473)</b>		<b>(2,156,485)</b>		<b>(124,720)</b>	

## Management Discussion and Analysis

The consolidated financial statements of Nation Multimedia Group Public Company Limited and its subsidiaries for the first quarter 31 March 2018 represented a loss of THB 124.72 million. Compared to the same period of 2017, the loss was THB 271.52 million (restated), a decrease loss of 54%. The Company would like to clarify a significance change of Group's operation results were summarized as follows

1. Revenue from sales of goods and rendering of services for the first quarter 2018 decreased by 24% compared to the same period of 2017. The main reasons is from economic slowdown which affected advertising revenue decreased by 28% and circulation revenues of newspaper, pocket books and children books decreased by 33%.

2. Costs and expenses for the first quarter 2018 decreased by 36% compared to the same period of 2017. The main reasons were:

Cost of goods sold and rendering of services decreased 34% in line with the decrease in revenue from sales of goods and rendering of services.

Distribution costs and administrative expenses decreased 38% due to in the first quarter of 2017, the Group compensated a voluntary resignation plan to the employee. However, the Group recognized impairment loss of assets increased from the same period of 2017.

## Conclusion :

The Group reported a loss for the first quarter ended 31 March 2018 was THB 124.72 million. Compared to the same period of 2017, the loss was THB 271.52 million (restated).

**Total assets** were THB 3,918 million (in 2017 they were THB 4,070 million), a decrease of THB 152 million. The significant changes in the assets are as follows:

**Trade account receivables - net** decreased by THB 72 million (-26%) due to a decrease in the revenue from the sale of advertisements and print media, and collection on its customers.

**Accrued income** increased by THB 12 million (16%). Most of the accrued income was attributable to the unissued invoices under the advertising agreements in the television business. In addition, the Company also got income from the various special activities. In some cases, service provision has already commenced but the corresponding invoice will be issued after the completion of each project in the next quarter.

**Other current asset** decreased by THB 18 million (-9%), mainly due to the decrease in revenue from receivables from the Revenue Department and input value added tax pending arising from the collection from trade accounts receivable and payment of trade accounts payable, respectively.

**Property, plants, and equipment - net** decreased by THB 37 million (-3%), mainly due to depreciation for the first quarter of 2018.

**Intangible assets** decreased by THB 38 million (-57%) due to the written-off of the expired licence in the first quarter of 2018 amounting to THB 30 million.

**Digital television licences** decreased by THB 23 million due to the amortisation for the first quarter of 2018.

**Total liabilities** were THB 3,921 million (in 2017 they were THB 3,935 million), a decrease of THB 14 million or 0.4 %. The significant changes are as follows:

**Trade accounts payable** increased by THB 17 million (16%), mainly due to the recognition of network rental expenses for the first quarter of 2018.

**Other current liabilities** decreased by THB 49 million (-20%), mainly due to the settlement of debts within the group that was decreasing in output value added tax pending of THB 23 million and deferred income decreased by THB 31 million.

#### **4) Significant Lawsuits and Claims**

- The Company and directors of the Group were accused of violating the Securities and Exchanges Act B.E. 2535 in the civil lawsuit with the claim of THB 51.9 million. As at 31 March 2018, the lawsuit is under the consideration of the Court of First Instance. However, on 11 September 2018, the court of First Instance rendered a civil lawsuit judgement to dismiss the Company out.
- On 16 May 2017, the Court of Appeal rendered a civil lawsuit judgement to revoke the resolutions in the 2015 Annual General Meeting of Shareholders of the Company held on 29 April 2015 then; the Company filed a petition to the court in July 2017. As at 31 March 2018, the lawsuit is under the consideration of Court of Appeal. The management and legal consultant believe that the Company shall not assume any responsibility for compensation and there will be no significant impact to the financial statement as a result of the lawsuit.

## Connected Transactions

The material connected transactions for the three-month period of 2018 of the Company are summarized as follows (Scale: THB million):

unit : THB million)

Connected Parties / Nature of Business	Relationship	Material Connected Transactions	Transaction Value / 3-Month Balance of 2018
<b>Nation Broadcasting Corporate Public Company Limited/</b> Production of TV and radio programmes, and providing advertisement through TV media, radio media, and new-media forms	A subsidiary, 71.45% shareholding by the Company, some common directors	Revenue from sale of goods and rendering of services	1.56
		Other income	0.10
		Trade accounts receivables	0.81
		Accrued income	0.05
		Other receivables	0.11
		Trade accounts payables	29.38
		Other payables	11.88
<b>Nation International Edutainment Public Company Limited/</b> Importing, publishing and distributing local and foreign publications, production of TV programmes and providing advertisements through TV media, digital media and character management	A subsidiary, 71.04% shareholding by the Company, some common directors	Revenue from sale of goods and rendering of services	1.99
		Costs of sales of goods and rendering of services	0.44
		Other income	0.61
		Distribution costs and administrative expenses	0.20
		Trade accounts receivables	0.98
		Accrued income	0.07
		Other receivables	0.28
		Trade accounts payables	26.04
		Other payables	7.01
<b>Nation News Network Co., Ltd./</b> Publishing and distribution of English newspaper, publishing, digital media publishing and advertising media	A subsidiary, 99.99% shareholding by the Company, some common directors	Revenue from sale of goods and rendering of services	9.65
		Costs of sales of goods and rendering of services	0.13
		Other income	0.38
		Trade accounts receivables	158.89
		Accrued income	1.77
		Other receivables	8.47
		Trade accounts payables	173.22
		Other payables	0.35
		Accrued expenses	6.67
<b>NML Co., Ltd./</b> Delivery of newspaper and publishing print media	A subsidiary, 99.99% shareholding by the Company, some common directors	Revenue from sale of goods and rendering of services	0.95
		Costs of sales of goods and rendering of services	0.40
		Other income	0.28
		Distribution costs and administrative expenses	0.27
		Trade accounts receivables	0.66
		Accrued income	0.07
		Other receivables	0.03

Connected Parties / Nature of Business	Relationship	Material Connected Transactions	Transaction Value / 3-Month Balance of 2018
		Trade accounts payables	0.66
		Other payables	0.02
<b>Kom Chad Luek Media Co., Ltd./</b> Publishing and distribution of newspaper, publishing, digital media publishing and advertising media	A subsidiary, 99.99% shareholding by the Company, some common directors	Revenue from sale of goods and rendering of services	13.14
		Costs of sales of goods and rendering of services	0.59
		Other income	0.03
		Trade accounts receivables	419.36
		Accrued income	2.04
		Other receivables	4.01
		Trade accounts payables	424.44
		Other payables	4.42
		Accrued expenses	7.55
<b>Krungthep Media Co., Ltd./</b> Publishing and distribution of newspaper, publishing, digital media publishing and advertising media	A subsidiary, 99.99% shareholding by the Company, some common directors	Revenue from sale of goods and rendering of services	27.41
		Costs of sales of goods and rendering of services	0.68
		Other income	0.06
		Trade accounts receivables	174.05
		Accrued income	6.80
		Other receivables	7.09
		Trade accounts payables	344.57
		Other payables	4.02
		Accrued expenses	21.49
<b>Bangkok Business Broadcasting Co., Ltd./</b> Production of TV programmes and providing advertisements through TV media	A subsidiary, 99.93% shareholding by the Company, some common directors	Revenue from sale of goods and rendering of services	2.70
		Costs of sales of goods and rendering of services	0.18
		Other income	0.07
		Trade accounts receivables	2.38
		Accrued income	0.22
		Other receivables	118.89
		Trade accounts payables	141.88
		Other payables	0.03
		Accrued expenses	14.99
<b>WPS (Thailand) Co., Ltd./</b> Production of newspaper, and books and publishing service	A subsidiary, 84.50% shareholding by the Company, some common directors	Revenue from sale of goods and rendering of services	1.46
		Costs of sales of goods and rendering of services	3.15
		Other income	0.07
		Distribution costs and administrative expenses	0.94
		Trade accounts receivables	1.57
		Accrued income	0.03
		Other receivables	0.12
		Trade accounts payables	7.01

Connected Parties / Nature of Business	Relationship	Material Connected Transactions	Transaction Value / 3-Month Balance of 2018
		Other payables	3.04
		Accrued expenses	1.61
<b>Nation University/</b> Establish a private university and academic training	A University, a license holding by Nation U Co., Ltd.	Revenue from sale of goods and rendering of services	2.70
		Other income	0.43
		Distribution costs and administrative expenses	1.52
		Trade accounts receivables	0.09
		Accrued income	0.17
		Other receivables	6.12
		Other payables	0.51
<b>NBC Next Vision Co., Ltd./</b> Production of TV programmes and providing advertisements through TV media	99.99% shareholding by Nation Broadcasting Corporation Public Company Limited, some common directors	Revenue from sale of goods and rendering of services	2.73
		Other income	0.36
		Accrued income	0.08
		Other payables	0.23
<b>Nation Global Edutainment Co., Ltd./</b> Importing, publishing and distributing children's books for edutainment	99.74% shareholding by Nation International Edutainment Public Company Limited, some common directors	Revenue from sale of goods and rendering of services	0.72
		Other income	0.03
		Trade accounts receivables	0.41
		Accrued income	0.01
		Other receivables	0.09
		Trade accounts payables	3.04
		Other payables	2.01
<b>Yomiuri-Nation Information Service Limited/</b> Advertising agency	An associated company, 45.00% shareholding by the Company, some common directors	Revenue from sale of goods and rendering of services	0.03
		Trade accounts receivables	0.01

**Policy on connected transactions of the Company with its subsidiaries and associated companies of the same level comprising two parts, as follows:**

1. Procedures and steps in approving the entering into of the connected transactions of the Company with its subsidiaries and associated companies of the same level
2. Policy or tendency in the entering into of any future connected transactions of the Company with its subsidiaries and associated companies of the same level

**1. Procedures and steps in approving the entering into of the connected transactions**

The Company has established measures for controlling the entering into of connected transactions between the Company and its subsidiaries and joint venture companies of the same level, and persons which have or may have conflicts of interest under the Notifications of the SEC and the Stock Exchange.

The Audit Committee is responsible for giving an opinion on the necessity of and the appropriateness of the price of such connected transactions. The conditions of a connected transaction shall be in line with the general trade terms, and the price thereof shall be comparable with the price applicable to transactions on an arm's length basis. If a comparison of the price of a connected transaction and an arm's length transaction cannot be made, the parties to such transaction shall jointly determine the appropriate price of the goods and services.

If the Audit Committee lacks the expertise required for the consideration of a connected transaction, the Company shall procure an independent expert or auditor to give their opinion on the said transaction, which will then be used for decision-making by the Board of Directors and/or Audit Committee and/or shareholders, as the case may be. A person that has or may have conflicts of interest shall not be entitled to cast a vote in respect of the transaction in which such person has a conflict of interest.

Furthermore, the Company will disclose the information on the connected transactions and material asset acquisition or disposal transactions of the Company and its subsidiaries in compliance with the requirements of the SEC and the Stock Exchange, as well as the accounting standards prescribed by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King.

2. Policy or tendency in the entering into of any future connected transactions

The Company and its subsidiaries and joint venture companies of the same level may enter into connected transactions with persons with potential conflicts of interest.

The Company's policy with regard to transactions entered into in the ordinary course of business with conditions that are in line with the general trade terms, and involving a person with potential conflicts of interest, particularly a Group company of Nation Multimedia Group Public Company Limited, and which involves printing, goods distribution, purchasing paper, purchasing of advertising space on various media platforms, and collection of service fees, is as follows: all terms and conditions under connected transactions shall be in line with the general trade terms, and the market price, as would be applicable to non-connected transactions carried out on an arm's length basis, shall be used. This policy is in accordance with the principles approved by the Board of Directors and in compliance with the Securities and Exchange Act. In this regard, the parties shall strictly adhere to the agreements entered into, and jointly determine prices and conditions that are clear, fair, and that do not cause the transfer of benefits.

In the case of new transactions or changes to the existing prices and conditions, the Internal Audit Department shall review the information and prepare a report for consideration by the Audit Committee in giving an opinion on the appropriateness of the price and reasonableness of those transactions at least once a year.

The Company will take the abovementioned procedures and steps applicable to the approval of connected transactions prior to entering into business transactions or business support transactions in the ordinary course of business that do not use general trade terms, and other connected transactions.

### **Necessity and reasonableness of the connected transactions**

The majority of the businesses and operations of the Company and its subsidiaries are interrelated with and/or support the businesses of the subsidiaries, joint venture companies, and related companies. Some of the assets, debts, income, and expenses of the Company and its subsidiaries also involve transactions with the Company's other subsidiaries, joint venture companies, and related companies. These companies are related to one another given that they sometimes have an overlap of the shareholders and/or directors and key Management members, or directors and employees whose scope of duties and responsibilities include planning, giving of instructions, and controlling the operations of the Company, and its subsidiaries, joint venture companies, and related companies. The policy on pricing of the Company and its subsidiaries is detailed below:

<b>Transactions</b>	<b>Pricing policies</b>
Sale of goods and rendering of services	General price and negotiable rate
Costs of sales of goods and rendering of services	Actual cost allocation rate and negotiable rate
Sale of equipment	Book value plus margin
Purchase of equipment	Book value plus margin
Dividend income	As announced in the minute of shareholders' meeting
Other income	Negotiable rate
Distribution costs and administrative expenses	Negotiable rate
Interest expense	Rate as specified in the agreement

The abovementioned connected transactions are the transactions made by the Company or its subsidiaries and the parties which may have conflicts of interest, and under the ordinary course of business of the Company with no connected loan transaction. The approval thereof shall be made in accordance with the Company's policy, and the approval procedures are subject to the transaction value, in compliance with the Articles of Association. In addition, the new connected transactions and outstanding transactions shall be reviewed by the independent auditors both on a quarterly and annual basis. In the case of a material transaction, the auditors would verify any agreement and important documents related thereto, and disclose such transaction in the Notes to the Financial Statement, whereby the Financial Statement shall be proposed to the Board of Directors for its consideration. Subsequently, the Board of Directors shall propose the Financial Statement to the shareholders meeting for its consideration and give the shareholders an opportunity to ask any question with regard thereto, whereby each financial statement has been approved by the shareholders meeting.



For the policy on connected transactions, the Company ensures that there shall be only transactions necessary for and relevant to its core businesses, i.e. with businesses involved in print media, radio, and television. Additionally, the Company has a policy not to grant additional loans to any unrelated business. In the case of any connected transaction between the Company and a party with a conflict of interest, the Company shall ensure that there are consideration procedures in place as required by the Stock Exchange of Thailand and the Securities and Exchange Commission as a measure for protecting the investors.

The Board of Directors certifies that all information contained in this Information Memorandum is true, complete and accurate in all respects.

Please be informed accordingly.

Yours sincerely,



(Mr. Somchai Meesen)

Chief Executive Officer