

WAVE

G • R • O • U • P



Annual Report 2018

WAVE Entertainment Public Company Limited

Investor can access more information on the Company through the annual information memorandum 56-1 form report posted on www.set.or.th or www.wave-groups.com

Table of Content

Report of the Chairman	1
Audit Committee Report	2 – 3
Nomination and Remuneration Committee Report	4
Risk Management Committee Report	5
Corporate Governance Committee Report	6
Board of Directors	7
1. Policy and Nature of Business	8 – 16
2. Nature of Business	17 – 29
3. Risk Factors	30 – 32
4. General information and other important information	33 – 37
5. Capital Structure	38 – 39
6. Dividend Payment Policy	40
7. Management Structure	41 – 47
8. Corporate Governance	48 – 91
9. Corporate Social Responsibility	92 – 98
10. Internal Control and Risks Management	99 – 101
11. Transactions with persons who may have conflict of interests and related transactions	102
12. Financial Statements	103 – 170
13. Management Discussion, Analysis of Financial Positions and Operating Results	171 – 174

Report of The Chairman

Matthew Kichodhan

Chairman & CEO



Wave businesses stabilized in 2018 with overall Group gross margins improving (34% to 40%), led by the recovery of sales in Wall Street English business, improvement of margins at Index and Jeffer Restaurants. Overall Group Sales grew by +2%, but gross margin growth of +21%, expenses +2% resulting in an improvement in Net Profit growth of +40%. Nevertheless, the Group continues to operate at a loss in 2018 as the Lifestyle businesses of Education and Food recovery has not yet gained enough scale, and Wave TV is still in production to deliver 2 new Soap Operas in 2019/20 with no revenue recognition in 2018.

We reaffirm our Long Term commitment to realize our Vision to become a leading "Lifestyle and Entertainment" Company to provide our consumers with unique quality products, services, programs and entertainment to further enrich their lives. We still believe that the Lifestyle sector to Food, and Education still have growth opportunities tapping into teens and young adults as Thailand's middle class develops and the opportunities that AEC presents. We believe that Wave's transformation into a "Lifestyle & Entertainment" Company offers a unique combination that will enable Wave to leverage its Entertainment and Media business to support and grow its new Lifestyle businesses.

The Wall Street English business recovered in 2018 with same center sales growth of +15%, and System growth of +30%, gross margins improving from 8% to 21%. We continued to invest in renovating the centers, and building 3 new Centers: The Mall Bangkok, Central Rama 2, and Maya in Chiangmai. The Mall and Central locations capture a new catchment area in Bangkok, and Maya Chiangmai is our first smallest format of 130sqm, as we test out a smaller model center for franchising in 2019. We successfully renegotiated our Franchise Agreement for a further 15 years, with Wall Street International, and now hold a "Master Franchise" Agreements for Thailand, Cambodia and Laos, giving Wave the option of opening Company owned-centers and/or sub-franchising to drive further growth. This is a fundamental change in our growth model for the WSE business.

Jeffer Restaurant sales declined by 5% as we continue to consolidate our stores to strengthen the overall total portfolio. In 2018, we opened 1 new store and closed nonperforming stores leaving a net drop in system stores from 77 to 64 by end 2018. Jeffer offers organic and regional growth opportunities for Wave to expand Jeffer's unique Value position in the Western Dine-In segment targeting teens and young adults and families as well as its infrastructure and network to leverage as we plan to franchise Jeffer in 2019. We continue to roll out Jeffer's new Brand Corporate Identity with a refresh look and feel to be more consistent with the "Lifestyle" Positioning.

Index Creative Village Public Co. Ltd ("Index") top line growth was stable but gross margins improved from 28% to 37% with a better mix of projects and cost reductions with a highlight of being the organizer for Thailand's Pavilion at the World Energy Expo in Astana, Kazakhstan. We have taken the decision to divest our 50% interest in Index and to redeploy the capital within the group to reduce debt and invest in the life-style businesses and production of content for Channel 3 under Wave TV.

Our investment in Thai Solar Energy Public Company (TSE) continues to be a valuable asset We continue to hold 10% of TSE. The market capital of TSE as of December 31st was around Baht 4 Billion.

The Company continues to ensure emphasis on Good Corporate Governance maintaining an "Excellent" rating in the Corporate Governance Report of Thai Listed Companies in 2018 from the Thai Institute of Directors (IOD), supported by the Stock Exchange of Thailand, as well as maintaining an "Excellent" rating from the Thai Investors Association in their assessment of our Annual General Meeting in 2018. We will strive to continue to improve/maintain our standing and rating in Good Corporate Governance in the upcoming year.

We are confident in the recovery of our businesses in the year ahead through consolidation within the businesses, improving margins, and driving growth through Franchising opportunities. We will continue to transform Wave into a leading "Lifestyle and Entertainment" Company with further opportunities to expand organically and expansion into AEC countries. On behalf of the Board of Directors, I would like to thank our shareholders, investors, customers, strategic partners, government agencies, and our employees for their continual support and confidence in the Company.

Regards,



Matthew Kichodhan
Chairman & CEO

Audit Committee Report

The Audit Committee of WAVE Entertainment Public Co. Ltd. consists solely of three independent directors with the authority, duties, and responsibilities set forth by the Securities & Exchange Commission i.e. Mr. Prasert Patradhilok as Chairman of the Audit Committee, M.L.Nalinee Hasadintra and Mr.Somsak Phayapdechachai, as Audit Committee Member.

During the year 2018, the Audit Committee had the meeting totally 4 times with the Internal Audit Office, the Management and the External Auditors to review the audit plan and audit scope, and discuss the results of the audit work, reviewed compliance with laws pertaining to securities and the stock exchange of Thailand and related laws. One of these meetings with the External Auditors without the Management to acknowledge independent opinion of external auditor.

The Audit Committee independently worked and expressed their opinions in accordance with the roles and responsibilities assigned by the Board of Directors. They oversaw the operation according to the principles, the standards and the regulations which relevant to the company's business. Major activities of the Audit Committee in the year 2018 were as follows :

1. Reviewed adequate and appropriate of financial reports :

- Reviewed the interim and 2018 annual financial statements with the External Auditors of the company and its subsidiaries, and the Management by questioning, discussing and advising on certain issues and matters relating to the company and its subsidiaries' financial reports. The External Auditors confirmed that they performed the engagements independently and obtained a kind cooperation with the Management, before submitted the financial statements to the Board of Directors for approval to disclosure to the SET and SEC.
- Acknowledged the Management analysis report pertaining to key financial data quarterly.
- Acknowledge and consider Key Audit Matters and management to disclosure to Auditor's Report for the year 2018.

The Audit Committee is of the opinion that the financial statements of the company and its subsidiaries for the year 2018 were prepared in accordance with generally accepted accounting standards and were presented accurately and fairly with adequate and appropriate information disclosure.

2. Reviewed adequate and appropriate of internal control, risk management and internal audit systems :

- Reviewed the independence of Internal Audit Office.
- Approved internal audit plans, acknowledged internal audit reports and evaluated the Internal Audit Office performance. In addition, the Audit Committee has also continually sought to provide recommendations on audit quality improvement and emphasized the monitoring process to ensure that the management's corrective action was implemented.
- Assessed the adequacy and appropriate of internal control system by considering from internal audit report and the opinion of the External Auditors.
- Reviewed the adequacy of the internal control system for the year 2018 in compliance with the self – evaluation forms issued by the SEC.

The Audit Committee found the company and its subsidiaries to have adequate and appropriate of internal control, risk management and internal audit systems.

3. Reviewed compliance with laws pertaining to securities and the stock exchange, regulations of the Stock Exchange of Thailand and laws concerning company business, the Company's good corporate governance and Code of Conduct :

- Meeting with the Management and the Internal Audit Office to review the company operations in order to ensure that the company operated its business in compliance with related laws and regulations, the Company's good corporate governance and Code of Ethics Policies.
- Monitored progress in litigation involving the Company.
- Acknowledged reports from the External Auditors that there are no issues to be presented to the Audit Committee according to section 89/25 of the Securities and Exchange Act (NO.4) B.E. 2551

The Audit Committee found the company to comply with relevant laws and regulations, the Company's good corporate governance and Code of Conduct.

4. Consider, select, recommend fees and nominate the company's auditors:

The Audit Committee recommended to the company's Board of Directors to propose at the Annual General Meeting of shareholders for the appointment of Miss Sakuna Yamsakul and/or Mrs. Nattaporn Phan-Udom and/or Mr. Pisit Thangtanagul, auditors from PricewaterhouseCoopers ABAS Co., Ltd. as the company and its subsidiaries' auditors for fiscal year 2019, together with their fees.

The Audit Committee is of the opinion that the External Auditors of the company are independent auditors with their professional practices, relevant experience and qualifications set forth by the SEC and they are no other services performed by PwC.

5. Consider the transactions with related parties and transactions with conflict of interest in line with relevant legislations and regulations:

The Audit Committee acknowledged reports from the Management to ensure compliance of related parties and conflict of interest transactions as requested by SEC.

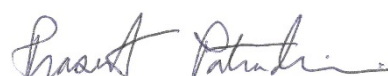
The Audit Committee found the company to comply with relevant laws and regulations.

6. Others :

- Reviewed the information disclosed to the SET and SEC, as disclosed in the company's annual report year 2018 (Form 56-2) and in the annual information disclosure form as at December 31, 2018 (Form 56-1).
- Reported the Audit Committee's activities to the Board of Directors periodically.
- Conducted the Audit Committee self assessment on its composition, qualification, activities in compliance to the audit Committee Charter. The 2018 results indicated that performance was "good".
- Reviewed audit committee charter.
- The Audit Committee has a duty and responsibility for regulatory policy and measures against bribery and corruption. To ensure that the Company has complied with the law and ethical requirements and assigned the Internal Audit Office has a duty and responsibility to monitor and review operational policies as against bribery and corruption.
- Record of attendance of the Audit Committee members is summarized as follows :

List of Audit Committee	Number of attendance / Total Meeting (times)
1. Mr.Prasert Patradhilok	4/4
2. Mr.Somsak Phayapdacharchai	4/4
3. M.L.Nalinee Hasadintra	4/4

On behalf of the Audit Committee



(Mr. Prasert Patradhilok)

Chairman of the Audit Committee

27 February 2019

Nomination and Remuneration Committee Report

The Nomination and Remuneration Committee has performed its duties as assigned by the Board of Directors according to the roles and responsibilities as specified under the charter of the Nomination and Remuneration Committee in searching, selecting and nominating persons to become directors and senior executives of the Company, including proposing policies on remuneration and other benefits for the Board of Directors, committees and employees.

The Nomination and Remuneration Committee consists of 4 directors consists of:

- 1) Mr. Chaipranin Visudhipol Chairman of the Nomination and Remuneration Committee
- 2) Mr. Matthew Kichodhan Members of the Nomination and Remuneration Committee
- 3) M.L. Nalinee Hastintra Members of the Nomination and Remuneration Committee
- 4) Mr. Tee Seeumpornroj Members of the Nomination and Remuneration Committee

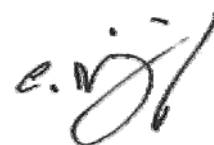
In 2018, the Nomination and Remuneration Committee had 1 meeting to consider important matters and report the outcomes of the meeting, together with opinion and recommendations, to the Board of Directors. The matters which have been considered and approved by the Board of Directors of the Company as follows:

1. To appoint as the Company's directors the four directors who are retired by rotation and pursuant to the Company's Articles of Association, namely Mr. Prasert Patradhilok, Mr. Chaipranin Visudhipol Mr. Philipp O. Piaz and Mr. Tee Seeumpornroj. Out of those four directors, two directors are members of the Nomination and Remuneration Committee. With such conflict interest, the appointment of such two directors are considered by the meeting of the Board of Directors. For the other two directors, the committee approved the reappointment of such directors as the Company's directors for another term by considering the performance of duties, the exercise of care and recommendations and opinion which contribute to the business operations of the Company and its shareholders. And the 2018 Annual General Meeting of Shareholders considered and approved the 4 directors be reappointed as directors for another term of office.
2. To determine remuneration of the Board of Directors and sub-committees by considering policies, appropriateness and alignment to responsibilities and performance of the Company. Such proposal was approved by the Board of Directors and by the 2018 Annual General Meeting of Shareholders.
3. To ratify the appointment of three members of the Audit Committee who were due to retire by rotation on 31 December 2017, namely:
 - 1) Mr. Prasert Patradhilok Chairman of the Audit Committee
 - 2) M.L. Nalinee Hastintra Member of the Audit Committee
 - 3) Mr. Somsak Phayabdechachai Member of the Audit Committee

The term of directorship of the members of the Audit Committee re-appointed is 3 years, commencing from 1 January 2018 until 31 December 2020. The remuneration of Chairman and members of the Audit Committee was determined and such remuneration was approved by the Board of Directors.

The Nomination and Remuneration Committee has performed duties assigned to it at its full capabilities with cautions, efficiency, transparency and independence, for the utmost benefits of the Company, its shareholders and all stakeholders, in line with the policy on good corporate governance.

On behalf of the Nomination and Remuneration Committee



(Mr. Chaipranin Visudhipol)

Chairman of the Nomination and Remuneration Committee

Risk Management Committee Report

The Company's Risk Management Committee, which has been appointed by the Board of Directors, consists of Dr. Cathleen Maleenont as the Chairman of the Risk Management Committee and Mr. Tee Seeumpornroj and Mr. Philipp O. Piaz as the members. The Risk Management Committee has the duties to determine risk management policy and risk management framework of the organization, monitor risk management procedures, follow up with compliance with strategy by units of the organization, provide advice relating to risk management to the Board of Directors, acknowledge results and progress of risk management by the organization, business unit, and departments, and any other duties assigned by the Board of Directors. In 2018, the Risk Management Committee held 2 meetings to consider important matters which can be summarized as follows:

1. Review risk management policy to ensure that they are sufficient and appropriate for the nature of the Company's businesses as well as related regulations.
2. Monitor the progress of risk assessment and risk management of subsidiaries company.
3. Acknowledge significant organizational risks for the year 2018 and approve measures on management of risks.
4. Report to the Board of Directors on risks and measures on management of risks on a regular basis.
5. Self-assessment for the year 2018.

Based on the foregoing acts, the Risk Management Committee views that Wave Group has set policy on management of organizational risks that covers conducts of the group's core business and has determined measures to manage risk adequately and efficiently and in line with policy on good corporate governance and internal control system of the group and the relevant laws and regulations

On behalf of the Risk Management Committee



(Dr. Cathleen Maleenont)

Chairman of the Risk Management Committee

4 March 2019

Corporate Governance Committee Report

The Board of Directors understand the importance of good corporate governance and has appointed Corporate Governance Committee to ensure that the business operations of Wave Group are in line with good corporate governance policy and to increase confidence and the Company's credibility to shareholders, investors and stakeholders. As of 31 December 2018, the Corporate Governance Committee consists of Mr. Chaipranin Visudhipol as Chairman of the Corporate Governance Committee and Mr. Somsak Phayapdacharchai and Mr. Philipp Oliver Piaz as Member of the Corporate Governance Committee.

The Corporate Governance Committee promoted and supported Wave Group to comply with good corporate governance policy with an aim to continuously improve its good corporate governance. In 2018, the Corporate Governance Committee had meetings to consider the following important matters and report the outcomes of the meeting, together with opinion and recommendations, to the Board of Directors:

1. To report results on 2018 Corporate Governance Report of Thai Listed Companies assessed by Thai Institute of Director with support from the Stock Exchange of Thailand. The Company was given 90 scores or "Excellent". The Company was rated "Excellent" same as that of the year 2017 and 2016.
2. To report results on quality of its 2018 annual general meeting (Annual General Meeting Checklist) assessed by Thai Investor Association. The Company was given 94 scores or "Excellent". The Company was rated as "Excellent", which was less than year 2017 and 2016 rating of "Excellent (deserve as an example)".

The Company believes that good corporate governance practice is an important factor that helps promote the Company's business operation to be effective and sustainable. Therefore, the Corporate Governance Committee is determined to ensure that Wave Group strictly follows good corporate governance policy, code of conduct, guidelines on social, community and environmental governance and promotes the group to have corporate governance policy which is up-to-date and suitable for changes in environment in order to continuously improve standard and practice of good corporate governance of Wave Group.

On behalf of the Corporate Governance Committee



(Mr. Chaipranin Visudhipol)

Chairman of the Corporate Governance Committee

Board of Directors



Mr. Matthew Kichodhan

- Chairman,
- Chief Executive Officer,
- Member of the Nomination and Remuneration Committee and
- Authorized Director



Mr. Prasert Patradhilok

- Independent Director and
- Chairman of Audit Committee



Mr. Somsak Phayapdacharchai

- Independent Director
- Member of Audit Committee and
- Member of Corporate Governance Committee



M.L. Nalinee Hastintra

- Independent Director,
- Member of Audit Committee and
- Member of the Nomination and Remuneration Committee



Mr. Chaipranin Visudhipol

- Independent Director,
- Chairman of Corporate Governance Committee and
- Chairman of the Nomination and Remuneration Committee



Mr. Philipp Oliver Piax

- Independent Director,
- Member of Risk Management Committee and
- Member of Corporate Governance Committee



Dr. Cathleen Maleenont

- Director,
- Chairman of Risk Management Committee and
- Authorized Director



Ms. Piyawadee Maleenont

- Director and
- Authorized Director



Mr. Tee Seeumpornroj

- Director,
- Member of the Nomination and Remuneration Committee,
- Member of Risk Management Committee and
- Authorized Director



Ms. Tracy Ann Maleenont

- Director

Remark:

Ms. Manida Zimmerman resigned on 22 February 2018

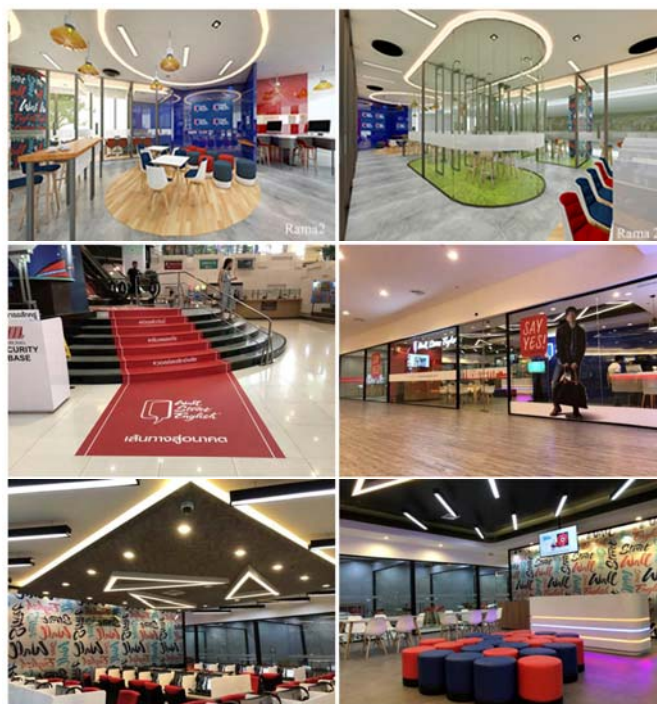
1. Policy and Nature of Business

Wave Entertainment Public Company Limited (“**WAVE**” or the “**Company**”) had been changed from its former name “CVD Entertainment Public Company Limited” to its current name since 30 April 2009, was incorporated on 2 September 1993 with the current registered capital of Baht 510.07 million, divided into 510.07 million ordinary shares with a par value per share of Baht 1 and paid-up capital of Baht 467.95 million. The initial objective of WAVE was to manufacture blank video tape cassettes (V-O) and video tape cassettes with magnetic tapes (V-cassettes). At present, WAVE Group has changed from Entertainment to Lifestyle & Entertainment. WAVE Group conducts the following businesses:

1. Television programs producer and distributor



2. English language school business under the trade name of “Wall Street English” (“**WSE**”)



3. Restaurant business under the trade name of “Jeffer Steak & Seafood”



4. Service business for creation and management of integrated marketing communications



1.1 Vision, Mission and Objectives

Vision

The Company's vision is to be a leading Lifestyle & Entertainment provider through the development and delivery of unique and quality products with variety and entertainment to create and fulfil the lifestyle of all customers.

Mission

To achieve the Company's goal and objectives in managing the businesses, our mission are as follows:

- Develop products, services, and entertainment which fulfil the ever-changing needs of customers
- Emphasize on human resources development to create people with knowledge, skills and potential suitable in providing excellent services and developing better quality products
- Operate the businesses in accordance with the principles of good corporate governance
- Commit to social responsibility through supports for Thai people in having a better life

Core Values

The core values, which drive the Company in achieving its mission, goals and objectives, include:

- **Wow** : Always support, motivate and create impression to staff, consumers, and customers
- **Achieve** : Conduct businesses to achieve the Company's goals and objectives with business integrity and ethics
- **Value** : Innovative team to create value products to our customers
- **Enlighten** : Continue to develop knowledge and capabilities of our people

The Company's plan or strategy to attain such goals and objectives include creating products with quality, uniqueness, and variety to reach the target group, having innovative and flexible marketing strategy, having efficient teamwork and staff, and conducting businesses in accordance with the principles of good corporate governance. "The Company's business plan, is in accordance with the objectives and vision of the company listed above with target financial of income not less than 10%"

1.2 Key milestones and development of the Company

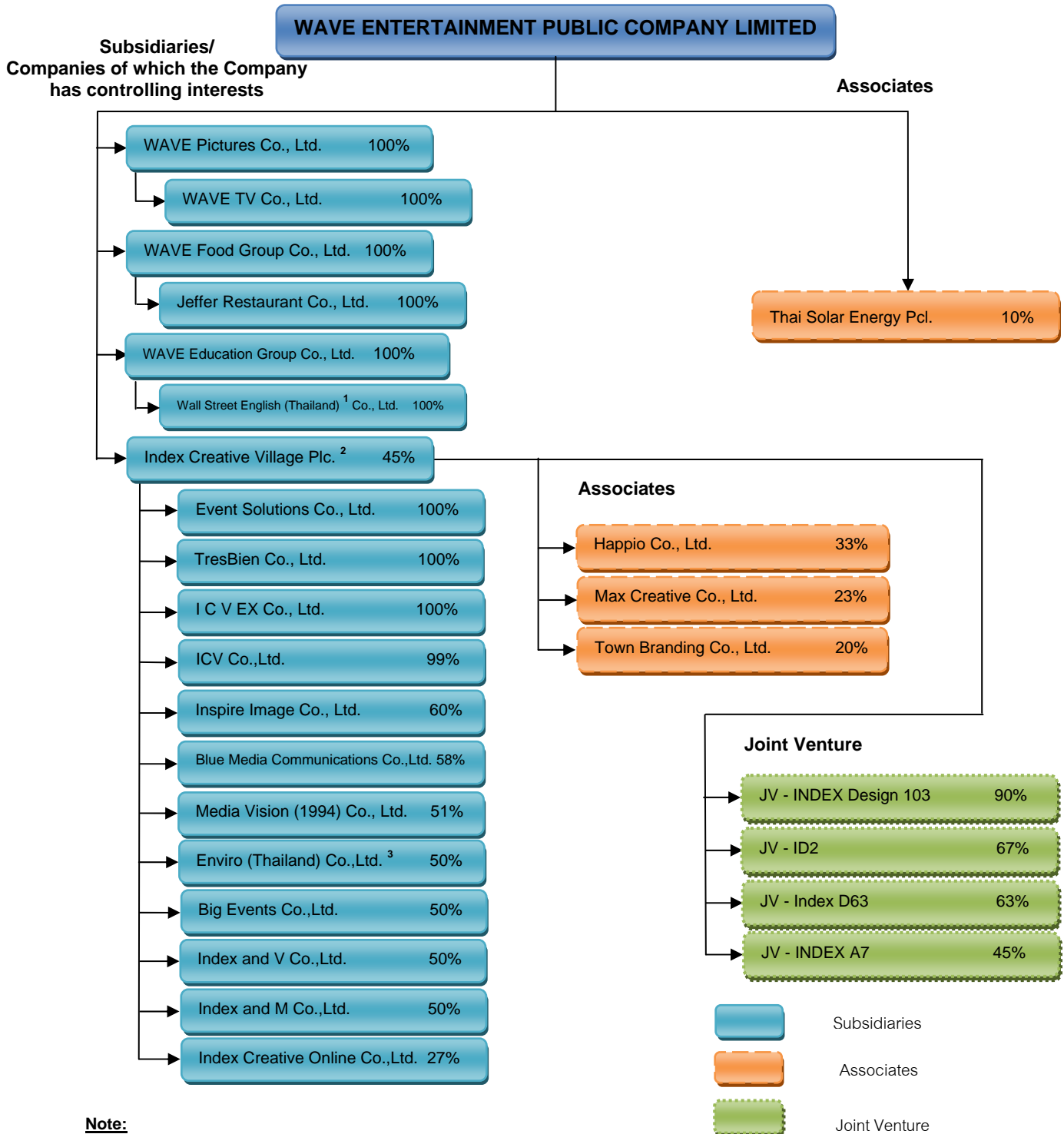
Year	Key Milestones and Development
2002	The Company ceased the manufacturing of video tape cassettes.
2007	The Company terminated the procurement and distribution of copyright movies.
2010	The Company expanded its entertainment business by being a television programs producer and distributor.
2011	<ul style="list-style-type: none"> The Extraordinary General Meeting of Shareholders No. 1/2011 approved the Company to additionally invest in Thai Solar Energy Co., Ltd (“TSE”), doing business on electricity producing from solar energy for sale to public and private sectors, from 10% to not exceeding 35% of the registered capital of TSE. TSE’s shareholders’ meeting approved the Company to invest in TSE at 25% of the registered capital of TSE. The Company made an additional payment for newly issued shares in TSE in an amount of Baht 117.5 million, the total investment was Baht 149.5 million of which is deemed as investment in TSE at 10.9% of the registered and paid-up of TSE.
2012	The Company expanded its entertainment business by being an organizer of concerts and other events.
2013	<ul style="list-style-type: none"> The Company expanded its entertainment business by being a movie producer and distributor. On 10 September 2013, Mr. Pracha Maleenont resigned from the position of director and management of the Company and Mr. Matthew Kichodhan was appointed as replacement on 7 October 2013. The Company made an additional payment for newly issued shares in TSE in an amount of Baht 104.7 million, the total investment was Baht 341.2 million of which is deemed as investment in TSE at 25% of the registered and paid-up capital of TSE.
2014	<ul style="list-style-type: none"> On 30 April 2014, the Company expanded its business to lifestyle business, i.e. an English language school under the name of “Wall Street English”, by acquiring all shares in Efficient English Services Ltd. (“EES”) . The Company purchased 22 million shares in TSE, which were offered through initial public offering (IPO) at Baht 3.90 per share, the total investment was Baht 85.80 million of which is deemed as investment in TSE at 20% of the registered and paid-up capital of TSE. On 4 December 2014, the Company expanded its lifestyle business by acquiring restaurant business under the name of “Jeffer Steak & Seafood” through WAVE Food Group Co., Ltd., the Company’s subsidiary, of all shares in Jeffer Restaurant Co., Ltd.
2015	On 30 June 2015, the Company expanded its entertainment business by acquiring 86 million shares, representing 50% of the issued and paid-up shares of Index Creative Village Pcl., which provide service business for creation and management of integrated marketing communications under the name “Index”.

Year	Key Milestones and Development
2016	<ul style="list-style-type: none"> <li data-bbox="344 277 861 309">• Capital increase under general mandate In March 2016, the Company allotted newly issued shares under general mandate scheme of up to 97.20 million shares with a par value of Baht 1 to all existing shareholders of the Company (Right Offerings) at the offer price of Baht 3.50 per share. <li data-bbox="344 434 775 465">• Partial disposal of holding in TSE In November 2016, the Company sold 181.50 million TSE shares, accounting for 10% of the registered and paid up capital of TSE. As a result of such disposal, the Company subsequently holds 10% of the registered and paid up capital of TSE. <li data-bbox="344 591 791 622">• Restructure of education business In December 2016, the Company restructured its shareholding in education business to accommodate for business expansion to CLMV by selling all EES shares or 100% of paid-up ordinary and preferred shares to Wave Education Group Company Limited (former name is CVD Organizer Company Limited) (“Purchaser”) which is a 100% subsidiary of the Company.
2017	<p data-bbox="338 810 1040 842">Restructure of television programs producer and distributor</p> <p data-bbox="338 855 1455 972">In December 2017, the Company restructured its shareholding in television programs producer and distributor business by selling all shares in WAVE TV Company Limited or 100% of paid-up capital to WAVE Pictures Company Limited (“Purchaser”), which is a 100% subsidiary of the Company.</p>
2018	<ul style="list-style-type: none"> <li data-bbox="344 994 1334 1025">• Offering of newly issued ordinary shares to specific investor (Private Placement) On 29 March 2018, the Company issued and offered new ordinary shares in the number of 46.75 million shares to The Mall Group Co., Ltd. <li data-bbox="344 1128 1200 1160">• Disposal of shares in Index Creative Village Public Company Limited On 24 December 2018, the Company entered into share sale and purchase agreement to dispose not exceeding 86 million shares, representing 50% of paid-up capital of Index Creative Village Public Company Limited (Index) to Kanjanapokin Family (Seller Group), which is an existing shareholder of Index. The sale and purchase of shares shall be completed by middle of the year 2019.

1.3 Overview of businesses of the Company and its subsidiaries

The Company has grouped its businesses into business units. Set out below is the Company's group structure representing its shareholding in subsidiaries and associated company.

Group Structure of the Company



Note:

- Former name is Efficient English Services Ltd.
- WAVE disposed 5% shareholding in Index to the existing shareholder group on 24 December 2018 according to terms and conditions of the share sale and purchase agreement.
- Former name is Envirosell (Thailand) Co., Ltd.

Nature of business of each company within WAVE Group

(1) Wave Entertainment Public Company Limited (WAVE), and its Subsidiaries

Company	Business Type	Shareholding of the Company and others (if any) (as of 31 December 2018)
Wave Entertainment Pcl.	<ol style="list-style-type: none"> 1. Copyright owner and distributor Thai dramas of Channel 3 2. Holding company 	
<u>Wave's subsidiaries</u>		
1. WAVE Pictures Co., Ltd.	The Company has restructured the business for flexibility in management.	100%
2. WAVE Food Group Co., Ltd.	The Company has restructured the business by changing its former name "WAVE TV and Movie Studios Co., Ltd." for clarity and flexibility in management.	100%
3. WAVE Education Group Co., Ltd.	<ul style="list-style-type: none"> • The Company has the rights as Master Franchisee to establish and operate English language centers under the name "Wall Street English" and license franchisees (sub-franchise right) to investors in Thailand, Laos and Vietnam. • The Company has restructured the business by changing its former name "CVD Organizer Co., Ltd." for clarity and flexibility in management. 	100%
4. Index Creative Village Plc.	Service business for creation and management of integrated marketing communications	45% (55% held by other individuals)
<u>WAVE Pictures Co., Ltd.'s subsidiary</u>		
1. WAVE TV Co., Ltd.	<ul style="list-style-type: none"> • Television programs producer and distributor • Seller of TV commercial air time 	100%
<u>WAVE Food Group Co., Ltd.'s subsidiary</u>		
1. Jeffer Restaurant Co., Ltd.	<ul style="list-style-type: none"> • Purchase and procurement of raw materials and equipment for conducting food and beverages business • Restaurant business including sale of food and beverages 	100%
<u>WAVE Education Group Co., Ltd.'s subsidiary</u>		
1. Wall Street English (Thailand) Co., Ltd. (Former name is Efficient English Services Ltd.)	Private English language school	100%

Company	Business Type	Shareholding of the Company and others (if any) (as of 31 December 2018)
<u>Index Creative Village Plc.'s subsidiaries</u>		
1. Event Solutions Co., Ltd.	Provision of equipment for entertainment events	100%
2. TresBien Co., Ltd. ¹	Decoration and provision of equipment for conferences and ceremonial events	100%
3. I C V EX Co., Ltd.	Business events advisor and organizer	100%
4. ICV Co., Ltd. (Established in the Republic of the Union of Myanmar)	Service, providing exhibition space and media design	99% (1% held by other individuals)
5. Inspire Image Co., Ltd.	Preparation, installation and removal of advertising boards	60% (40% held by other individuals)
6. Blue Media Communications Co., Ltd.	Provision of publishing media design, production and distribution services	58% (42% held by other individuals)
7. Media Vision (1994) Co., Ltd.	Light and sound system installation services for entertainment events	51% (49 % held by other individuals)
8. Enviro (Thailand) Co., Ltd. (Former name is EnviroSell (Thailand) Co., Ltd.)	Providing advisory services, research data analysis and survey of statistic	50% (50% held by other individuals)
9. Big Events Co., Ltd. ¹	Production of film and television programs and business events advisor and organizer	50% (50% held by Woody World Co.,Ltd.)
10. Index and V Co., Ltd.	Business events advisor and organizer	50% (50% held by other individuals)
11. Index and M Co., Ltd.	Business events advisor and organizer	50% (50% held by other individuals)
12. Index Creative Online Co., Ltd. ¹	Consultancy, design and development services for web sites and flash media	27% (73% held by other individuals)

Note:

¹ The companies are in the process of liquidation.

(2) Associated Company

Company	Business Type	Shareholding of the Company and others (if any) (as of 31 December 2018)
Wave's Associated Company		
1. Thai Solar Energy Pcl.	To produce electricity from solar energy for sale to public and private sectors.	10% (37.29% held by P.M. Energy Co., Ltd., 10% held by Sino-Thai Engineering & Construction Pcl. and 42.71% held by others)
Index Creative Village Plc.'s Associated Company		
1. Happio Co.,Ltd.	Provides online solutions, software design and development service. (Website and mobile application)	33% (67% held by other individuals)
2. Max Creative Co.,Ltd. ¹	Provider of integrated marketing communication and imagine advisor and management services	23% (77% held by other individuals)
3. Town Branding Co.,Ltd.	Media production	20% (80% held by Sam Hanuman Co.,Ltd.)

Note:

¹ The companies are in the process of liquidation.

(3) Joint ventures

Company	Business Type	Shareholding of the Company and contract parties (as of 31 December 2018)
Joint ventures controlled by Index Creative Village Plc.		
1. JV - INDEX Design 103 ¹	Design, construct, decorate and organize exhibition show, including management and removal of Thailand Pavilion at International Recognized Exhibition Expo 2017 Astana	90% (10% held by Design 103 International Co.,Ltd.)
2. JV - ID2 ¹	Conceptual Design, Exhibition Show and Pavilion Management of The World Exposition Shanghai China 2010	67% (5% held by Design 103 International Co., Ltd. and Design 103 Co.,Ltd. and 28% held by Ruamnakorn Construction (Thailand) Co.,Ltd.)
3. JV - Index D63 ¹	Conceptual Design, Exhibition Show and Museum Management of CP –Meiji Visitor Center	63% (37% held by D-63 Co.,Ltd.)
4. JV - INDEX A7	Design for Museum of Navy Project (new museum)	45% (55% held by A-SEVEN CORPORATION Co.,Ltd.)

Note:

¹ The joint ventures are in the process of liquidation.

2. Nature of Business

Revenues Structure of WAVE Group for the past 3 years

(Unit: Million Baht)

Products / Services	Operated by	% Shareholding by WAVE or its subsidiary	2016		2017		2018	
			Revenues	%	Revenues	%	Revenues	%
Total revenues								
1. Entertainment and marketing business ¹	WAVE		1,222	40	1,381	57	1,332	53
	WAVE TV	100						
	Index Group	50						
2. Restaurant business	JEFFER	100	681	22	627	26	594	24
3. English language school business	WSE ³	100	658	22	399	16	529	21
4. Other income	All companies		480 ²	16	27	1	51	2
Total revenues			3,041	100	2,434	100	2,506	100
Growth rates				39%		(20%)		3%

Remarks:

¹ The Company has re-categorized its businesses. The entertainment and marketing business is categorized into 3 types which include television program production and distribution business, concert organizing business, and creative and marketing communication services business.

² Other income in 2016 in the amount of Baht 480 million includes Baht 448 million gain from disposal of investment of 10% of the registered and paid-up capital of Thai Solar Energy Public Company Limited (TSE).

³ Former name is Efficient English Services Ltd.

Nature of Business

2.1 Television programs production business

Operated by WAVE TV Co., Ltd. (“WAVE TV”)

Television program production business

Wave TV is in the process of producing 2 television series namely 1) “Kwam Song Jum Si Jang” and 2) “San Saneha”

Program name:	“Kwam Song Jum Si Jang”
Air date	In the production process (Expected to be on-air in quarter 4 of 2019)
Air time	8.15 p.m. – 10.30 p.m.
Television Channel	Channel 3
Target audience	Suitable for all
Program description:	
“Kwam Song Jum Si Jang” is a story about romantic love between brother and sister. It all begins from three families who are from different cities, never knew each other before and with different social backgrounds. Destiny has brought them to be together with the start of more stories.	



Program name:	“San Saneha”
Air date	In the production process
Air time	8.15 p.m. – 10.30 p.m.
Television Channel	Channel 3
Target audience	Suitable for all
Program description:	
San Saneha is a story about a woman who has a conservative father believing that woman is inferior to man in any period of time. However, she wants to prove to her father that she can be successful without depending on a man.	



Market and competition

- **Competitive strategy**

WAVE TV's objective is to conduct entertainment business by producing quality television drama series to television channels. However, as the target customer is audience, WAVE TV must compete on quality with other television programs producers.

- **Target audience**

WAVE TV intends to produce television drama series which are educational and entertaining and suitable for all audience. The target audience of a show depends on characteristics of the show.

Program Name	Program Name
“Kwam Song Jum Si Jang”	Suitable for all
“San Saneha”	Suitable for all

- **Sales and distribution channels**

For production of television drama series business, the format of drama series must be presented for approval by the television channels and, upon approval from the television channels, a hire of work contract shall be executed between the channel and WAVE TV for each series under which the tape must be submitted by WAVE TV to the television channel for broadcasting after completion of the production process.

- **Competition**

In respect of competition, there is a higher level of competition in the production of television drama series due to the increase in number of producers and shows. Due to constant changes to consumers' tastes, television operators are required to continuously improve their quality and make necessary adjustment to increase their competitiveness among television channels. In the past, each television channel has adjusted its program format and introduced new shows to increase popularity among its audience. However, according to statistics, television accounted for the largest market share in the industry as it reached substantial number of consumers through broadcasting of pictures and sounds concurrently.

- **Procurement of products or services**

WAVE TV's policy is to produce quality television drama series. The genre of each television series depend on the market environment, script and consideration of the television channel as employer. A series production contract will be drawn for each show and the tape must be submitted by WAVE TV to the television channel for broadcasting after completion of the production process.

The production process of television drama series is as follows:

1. Pre-production process
2. Production process
3. Post- production process

- 1. Pre-production process**

The process starts from the production unit procures scripts from various publication houses and prepare synopsis for presentation to television channel or stories may come from brainstorming among the unit members. The idea may come from watching foreign movie, television series or listening to music. Then, idea is gathered for creating story plot as an alternative method of procuring story. Once television channel has approved production of the television series, the production unit shall organize a production team which includes scriptwriter, director, producer, set, coordinators, venue procurement team, arts, costumes and other requisite roles. Subsequently, the production unit shall set production schedule in order to plan and find cast for the television series.

- 2. Production process**

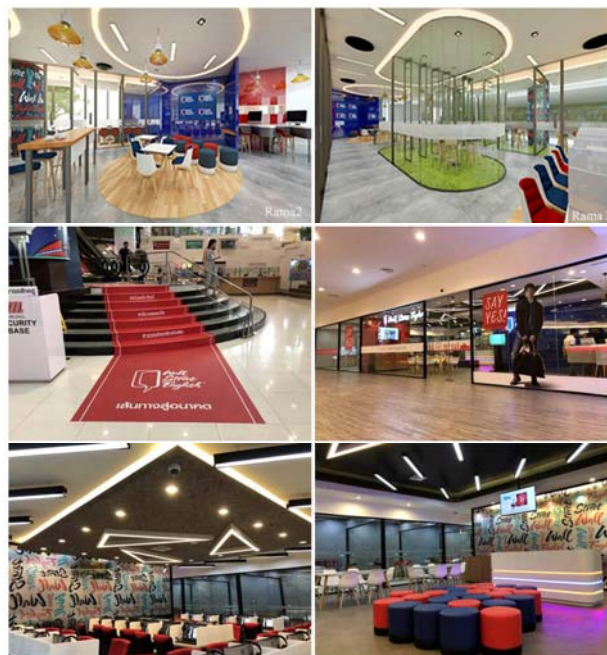
For each television series, planning of the production process takes approximately 8 months (however, the process may take longer due to other factors). The shooting will take place every week depending on the schedule. The schedule is usually either on (Monday, Tuesday and Wednesday) or (Thursday, Friday, Saturday and Sunday). The choice of shooting schedule would depend on availability of the cast and production team.

- 3. Post- production process**

The post-production process involves editing the series, selecting the shots, adding sound or special techniques. Wave TV has a quality control team who examines the suitability of broadcasting the show prior to submitting it to television channel (the channel will inform Wave TV of the scheduled air date in advance to allow Wave TV sufficient time to submit the series). If any content of the series is not suitable to air, the channel may return the tape to Wave TV for editing. In the past, Wave TV has never encountered such problem as its policy is not to produce series with prohibited content. The whole process is considered completed and ready for on air upon submission of complete tape to television channel.

2.2 English language school business under the trade name of “Wall Street English” (“WSE”)

Operated by Wall Street English (Thailand) Co., Ltd. (“WSE”) (Previous name was Efficient English Services Ltd.)



Nature of business

Wall Street English (Thailand) Co., Ltd (“WSE”) is the company which operates and provides English language courses and services for adult learners under the name “Wall Street English”. Its products and services are operated under copyright of WSE Hong Kong Limited. In addition, WSE is a licensed operator in Thailand under the Private School Act B.E. 2550 (2007).

At the international level, WSE has been an English language institute with over 46 years of experience, 400 centers in 28 countries worldwide and over 3 million alumni students. In Thailand, WSE is the only company with the copyright to operate the institute in the country. WSE has been operating for more than 15 years in Thailand since 2003 with over 63,000 graduates, and in 2018, WSE has 8,500 current students. Currently, WSE has 11 centers in Bangkok and its perimeters plus 3 centers in the economic provincial region of Chiangmai at the Central Festival Mall, Maya and in Eastern Seaboard of Rayong. Consequently, WSE currently has 14 centers spread across the country.

Furthermore, WSE received approval around the end of 2018 to open 1 more center in Bangkok or its perimeters. The center is expected to operate in the second quarter of 2019. Overall, WSE will have total of 15 centers within this year.

WSE course is a standardized course which is taught to students in every WSE center around the world. The course was designed for those who use English as their second language or as a medium for international communication. The course content is divided into levels, with a total of 20 levels, so that each learner can learn and develop English based on their actual English skills. With the unique blended learning method of WSE, a learner can naturally acquire English language skills quickly and speak English with confidence.

Furthermore, the copyright owner makes a continuous development in the learning method by investing in technology aspect in order to develop online learning to become more up-to-date which make the course more interesting and meet the students’ needs even more.

In addition, to fulfill extra needs for certain groups of students, WSE also provides a special one-on-one course (VIP Course) with native teachers to ensure quickest success of learners.

Besides the main course that mentioned above, WSE has developed test preparation courses IELTS Course and TOEIC Course. They are the international test programs which their results are accepted by several organizations worldwide and used to submit for university admission. Or it can use to submit for visa application to countries under The British Commonwealth of Nations and also opportunity to work at the leading companies. The courses have been designed and taught by the teachers who are specialized in these tests. With the blending learning method and doing Mock Test will help students to know about their progress and also which skills that they need to practice more before they do the actual test. Also, there are extra activities for students to get ready and gain more confidence in doing the test; such as; Essay Marking Service and English Corner.

To assure in education standard under the control of Ministry of Education, WSE has been certified in quality assurance by Project Quality Assurance managed by Non-formal Education of Office of the National Primary Education Commission, Ministry of Education since 2013. The first center that certified quality assurance was WSE Fashion Island in year 2013. The next was WSE Mega Bangna which certified in excellent level as well. Nevertheless, WSE determines to manage all centers to enter the quality assurance process and be certified which according to the policy and law regulations controlled by Ministry of Education. So that students and consumers are confident that WSE has excellent standard in both product and service.

Industry outlook and competition

Overall, the English language school market is constantly expanding since English is an international language used for communication and connection worldwide. Especially when Thailand and other Asean countries assemble together as one under the Asean Economic Community (AEC) in 2015, the market has become active in improving English language more widely.

Wall Street English has been operating for more than 15 years in Thailand with constant expansion, and being well-known and recognized for its unique learning method. Moreover, WSE's course levels officially correlated to Common European Framework of Reference (CEFR) and certified by University of Cambridge in England. Therefore, WSE can certainly be considered as a high potential English language school in the Thai market.

- **Target customers**

The target customers of WSE are high school students, undergraduates, working people and other people who are interested in developing their English language skills.

- **Competitive strategy**

English language institute is considered a competitive business due to the low barrier to entry. However, WSE's goal is to become a leading private English language school by employing experienced personnel with suitable qualifications, locating its centers in good location, building up strong and quality sales team, organizing campaigns which are suitable to target customers, and adjusting itself to the ever-changing environment. In addition, WSE will use innovative marketing to publicize its brand and stimulate sales. At the same time, WSE will continuously focus on the alumnus by presenting various campaigns to meet the target group's needs and to boost the sales volume as well.

- **Channel of Distribution**

With the reputation that Wall Street English has been gaining for more than 15 years in Thailand and the continuous growth, Wall Street English now increases more channels to distribute by opening more centers continuously to get ready for the city expansion. In 2019, WSE plans to open 1-2 more centers in Bangkok and its perimeters. The new center is expected to open in the second quarter of 2019 to support the population distribution in the future.

- **Marketing Overall Strategy**

During the sixteen years of operation, Wall Street English has still been the leading language institute in the market and the number one market share (based on survey by Enviro (Thailand) previous name was Envirosell (Thailand)) for users in each segment. The company continues to emphasize the importance of English communication skills; and offers guidance to students and people who are interested to understand that if they have the ability to communicate in English, there will be new opportunities coming to their lives. Also, the quality of the course is being recognized and effective.

In 2018, Wall Street English focused on service and students' success as the main priorities. Therefore, the campaign for the whole year focused on the students' successes, dreams and showed how English helped opening the door for more opportunities via several channels especially online, social media and booth activities which were able to gain attention from people who want to study English really well.

Nowadays, with the rapid communication and the change of consumer's behavior, we need to adjust our strategies and understand targeted groups from different age ranges even more. In 2019, Wall Street English will focus the marketing channel via online more with the storytelling of Wall Street English students and emphasize on their successes. With becoming partnership with several companies such as; GMM 25, BEC Tero will help us reaching targeted groups rapidly and provide relevant information and useful knowledge via online channels which will help targeted groups reach and communicate more closely. Also, activities booth is another channel that will help targeted groups to be able to ask for information and talk with us more closely.

Procurement of products or services

WSE courses and training methods are operated under copyright. The courses were developed and determined by the copyright owner. Each WSE center can accommodate approximately 1000-1,500 students. Staffs who are involved with the learning process are those with qualifications as prescribed by the Ministry of Education.

2.3 Restaurant business under the name of “Jeffer Steak & Seafood”

Operated by Jeffer Restaurant Co., Ltd. (“Jeffer”)



Nature of products or services

Jeffer operates chain steakhouses under “Jeffer” trademark which offer western food in the category of steak and seafood with variety of menu. The restaurant design is American-inspired, offering food that appeal to Thai consumers’ preference and fun experience with various selection including pork, beef, chicken, fish, seafood, soups and salads prepared, which are prepared by trained chefs. As Jeffer’s point of differentiation and selling point to its customers, the customers may choose any combination of menu based on their preferences, including side dishes to complement the main dishes such as french fries, mashed potatoes, fried rice or somtum.

Jeffer provides relaxing atmosphere to its customers and a meal at Jeffer is suitable for any occasion whether for socializing with friends or for people of working age with limited amount of time. Jeffer offers quick services and therefore is suitable for having quick meals over lunch breaks.

At present, Jeffer has opened Jeffer Café in Jungceylon Phuket Branch in the year 2017 in order to respond to lifestyle of its existing customers. The café focuses on selling hot, cold and blended coffee, green tea, and chocolate drinks. It also offers cakes, pancakes and other types of bakery for customers who need meeting place or workplace. It also offers free Wifi service and charger to customers.

As of 31 December 2018, Jeffer has 64 branches across the nation – 27 branches in Bangkok and 37 branches in other provinces are located in leading department stores in Bangkok and leading provinces. The choices of branch location include business districts, schools, and communities to provide ease of accessibility to the customers.

Market and competition

- **Competitive strategy**
 - **Cost management**

Jeffer gives importance to management of raw material costs. By creating bargaining power with suppliers, Jeffer is able to efficiently manage costs of supplies and raw materials and is ready to continuously serve 4,000,000 customers per year.

- **Brand building**

At present, Jeffer brand is well-known and popular among teenagers and people of working ages. Jeffer has received positive responses from customers in respect of pricing, food taste, differentiation and variety of food, restaurant decoration, and services. This illustrates strength and recognition of “Jeffer” brand. Jeffer markets itself through advertising and other channels including social media to expand brand recognition and increase its customer base.

- **Pricing**

Jeffer sets pricing by consideration of customers as a main factor. Its pricing policy is to give customers of any age and gender the opportunities to have quality steak in relaxing atmosphere and at reasonable prices.

- **Business expansion**

In implementing its policy of constant business expansion, Jeffer considers important factors including investment and return for each new restaurant, suitable location, population density and target customers. Jeffer’s objective is to increase its market share.

- **Launch of new menu and promotions**

In 2018, Jeffer launched 12 new menus during the year. The new menus offer valued meals to customers. Jeffer also launched promotions with partners such as TrueYou and Toyota to expand its customer base and stimulate repeating purchaser from existing customers.

- **Target customers**

Jeffer’s target customers are diverse, yet it focuses on middle to high income earners including teenagers, students, university students and people of working age with style who enjoy steak, give importance to variety of food, and opt for value. At present, Jeffer brand is well-known and popular among teenagers and people of working age as Jeffer’s menu appeals to customers want in terms of both taste and value.

- **Distribution channels**

As of 31 December 2018, Jeffer has 64 restaurants nationwide. The restaurants are located in leading department stores in Bangkok, economical provinces, business areas, communities and near educational institutions.

Jeffer maintains its strategy to consistently increase the number of restaurants in Bangkok and other provinces. Its objective is to gain a higher market share by expanding 8 more branches in 2019.

- **Competition**

The restaurant industry is constantly expanding. The restaurant operators include restaurant brands from overseas and local small and medium restaurant operators which has caused restaurant business in Thailand to become highly competitive.

At present, many consumers prefer dining out. However, due to declining economic conditions, decrease in spending, and high level of competition in restaurant business, business operators must maintain selling price at the same level. Instead, the business operators tried to increase the spending per person through introduction of new menus and launching new promotions. Kasikorn Research Center estimates that the market value of restaurant business in 2018 is an approximately of Baht 411,000 – 415,000 million, a growth rate of 4 – 5% from the year 2017. The fierce competition in the restaurant business has resulted in business operators keeping close watch of consumer behavior in order to adjust their business strategies to be in line with customers. The interesting restaurant trends are as follows:

1. Customers take healthier food due to healthy trend. Customers tend to take food with benefits to health such as vegetables, fruit and grains, reduction of sugar, sodium and fat, and selection of raw materials that have no chemical or synthetic ingredient. Healthy food has become well-known and a choice widely chosen among Thai people. Most Thai people purchase healthy food for consumption for more than once a week. Some purchase healthy food on a daily basis. This presents opportunities to restaurant operators through offer of healthy menu to accommodate expansion of healthy food customer base. Such customer group is also willing to pay higher price for healthy food.
2. Customers use more food delivery service. Food delivery service becomes more popular due to changing lifestyle. Urban lifestyle with time limitation, incline for convenience, and avoidance of traffics stimulate increase in food delivery service. In addition, there are multiple channels for ordering food including online, website, and application developed by restaurant operators, online application service providers, delivery service providers. Such factor has contributed to an increase in customer usage in food delivery service. The increase in food delivery service also stimulates sales by restaurant operators.
3. Restaurant operators also focus on expansion strategy in order to compete in the business. New stream of revenue is generated from opening of new branches. However, majority of the incremental revenue comes from consumers trying of services at new branches or restaurants. And revenues from, or revenue growth of, existing branches tend to decrease. Hence, restaurant operators face a challenge in selecting locations that reach new customer groups or locations with low competition and relatively low rental fees in order to expand revenue base and create no impact on growth rate of existing branches.
4. Customers tend to save costs and have various choices for food consumption. Due to uncertain economic conditions, customers cut expenses, including food expenses. Customers dine out less and will only dine out if necessary. In addition, customers are presented with more variety of food, including ready-to-eat food and ready-to-cook food from various distributors such as food stalls, convenient stores and supermarkets. Customers are also able to cook by themselves. This may cause average spending per person per meal to decrease. The frequency of customers using restaurant service will also drop and this unavoidably affects the revenues of the restaurant operators.

Procurement of products or services

From 2017 onwards, Jeffer places importance on retention of existing customers. Jeffer has organized digital Customer Relationship Management to increase repeat purchase by existing customers and referral of new customers to Jeffer.

For product development, Jeffer focuses on relationship with trade partners by cooperation with its trade partners to develop new menu, including cost planning and internal management. Jeffer's procurement policy is to order raw materials from 2 – 3 suppliers for each type of raw material. This helps to provide diversification in terms of price and raw materials in case there is lack of certain raw material at certain period of time. For certain raw materials, the Company reserves them in higher quantity through contract to control costs and negotiate on price. Particularly, those products that involve exchange rates.

Jeffer has set procedures for every steps including ordering, inspecting, and managing goods and raw materials. Responsible employees are assigned to oversee each step and procedure to assure that every products ordered match Jeffer's requirements in terms of both quantity and quality.

2.4 Service business for creation and management of integrated marketing communications
Operated by Index Creative Village Public Company Limited (“Index”)



Nature of products or services

Index Creative Village is the conglomerate group of Creative Business Leaders in Thailand. The agency receives accolade in 7th Agency in World class ranking from Special Events Magazine U.S.A. Connecting over 15 Creative Hubs throughout the world and spreading the wing to ASEAN.

The company is not strong in the event only but also operating under the creative diversity. For over 28 years, the company works for local and oversea, especially the Thailand Pavilion at The World Exposition 2010 event in Shanghai, China. The Thailand Pavilion has been ranked as the nation's top 1-10 from popular building which ranked by more than 230 countries worldwide and reputed Thailand building design to be recognized and can support travelling in Thailand.

Moreover, the Company has created a reputation for the country in the International Exposition 2012 in Yeosu, South Korea and became popular pavilions from around the world and received many world class awards, including the Astana Expo 2017 at Astana, Kazakhstan, which also brings reputation to Thailand at a worldwide stage.

The Company has recently been engaged to design and manage Thailand Pavilion World Expo Dubai 2020 to be held in Dubai, United Arab Emirates during 20 October 2020 – 10 April 2021. The Company is prepared to again create history for Thailand and presents uniqueness of Thailand to the world. Foreigners will learn more about Thailand through Thailand Pavilion Expo, which is considered one of the three largest world's exhibitions.

Furthermore, the Company has another branch in Myanmar which can see opportunity to do business since 2012, for cover customer demand who prefer to extend their business to ASEAN. The company is very good for managing between domestic and oversea task by using Co-Creation system. For example, using the Company's strength, experience and combine their professional skills from different companies and partners.

Currently the Company is a leader in creation of integrated marketing in ASEAN which can sever customer demand in every dimension by 'Never Stop Creating' slogan by separate operations in 3 core business group.

(1) Marketing Services Group

To provide planning, strategy, and professional advice relating to marketing. The services consist of:

- Research
In-depth analysis on customer behavior through creative work by Enviro (Thailand) Company Limited.
- Event Marketing
Provision of strategy which responds to customer in all aspects through creative work by business unit of Index Event Agency.
- Communications
Plan and integrate communications strategy for organization, both internally and externally through creative work by communications business unit.
- Digital Marketing
Reach varied lifestyles of customers through creative work by Happio Company Limited.
- TV & Multimedia
Creation of unique work through creative work by Village Television and Index Studio business unit.
- Innovative In-Store Media
Effective interactive communications through creative work by Blue Media Communications Company Limited.
- Printing and Store Decoration
Printing innovation in special formats through creative work by Inspire Image Company Limited.
- Equipment Supply
Equipment supply for all types of works through creative work by Media Vision (1994) Company Limited and Even Solutions Company Limited.

(2) Creative Business Development Group

Provision of development, branding, and creating experimental design in order to create valued tourism. The services consist of:

- **Tourist Attraction**
Generate attention from tourists around the world through creative work by Brand Attraction and Museum business unit.
- **Brand Experience**
Create new landmark of importance and uniqueness through creative work by Brand Attraction and Museum business unit.
- **Theme Park**
Create fun and entertainment through stories creatively through creative work by Brand Attraction and Museum business unit.
- **Museum**
Understand task and relay requirements in all forms through creative work by Brand Attraction and Museum business unit.
- **Exhibition: Permanent & Temporary**
Communicate with clear objectives through creative work by Brand Attraction and Museum business unit.
- **The World Exposition**
Think creatively and combine new ideas with professionalism at international standard level through creative work by World Expo or Joint Venture Index Design 103 business unit.

(3) Own-Project Group

Creative works for special projects with uniqueness. The services consist of:

- **Showbiz**
Create various type of entertainment such as music festivals and theatre shows through creative work by Creative Business Development business unit.
- **Sport & Festive Event**
Sport & festive events at international level to attract tourists worldwide through creative works by Creative Business Development Business Unit.
- **Business Academy**
Pass through knowledge and real-life experience systematically such as by having seminar and work shop, through creative work by Creative Business Development business unit.
- **Trade Fair**
Center for business opportunities, both local and overseas, through creative work by Creative Business Development business unit.

Market and Competition

• Outlook

The event organizer market has been growing since the beginning of 2017 until 2018. This is due to continuous growth in product and service promotions by business operators. Marketing teams utilize fund for organizing various campaigns. The most outstanding business is the entertainment business – concerts, stage plays, and other shows were held in both Thailand and overseas. The next outstanding business is product launch for various industries such as property, consumer products, automobile, banking, technology and innovation, and fashion. The combination between technology and innovation and service and product becomes more apparent, in line with Thailand 4.0 policy, for which both public and private sectors must adjust themselves. As a result, the overall market shall increase 5 – 10%.

- **Target Customers**

Overall, the customers are from public and private sectors, both local and overseas. Target customers are particularly overseas customers, including businessman, investor, and those who wish to penetrate the market. The services provided cover all aspect of marketing.

- **Distribution Channels**

As the objective is to provide services that are “Creative Business Solutions” which respond to requirements of various types of customers. The business is differentiated from other companies. In particular, research is a key element which has been used to respond to customers’ requirements more precisely. Hence, true requirements of each target customer are met. Creativity is also our strength which helps in creating new and unique work, presenting new opportunities and expansion of the market to new areas.

- **Competition**

As competition in the event organizer market is no longer restricted within the city, there are many competitors in other provinces countrywide. New businesses were quickly born. This presents opportunity to new players for entry into the market, including in small, medium and large scale, with different expertise. However, services provided by competitors are not integrated service. The Company has adjusted its plan and strategy by highlighting its objective as being “Creative Business Solutions”. Hence, works created by the Company are not restricted by the term “event business”, but rather “creativity business”.

Procurement of products or services

Development of quality of work and giving importance to continuous development of personnel, including their skills. This will create strength, particularly in the area of development of creativity in order to create works which respond to customers’ requirements, beneficial to the public, and with uniqueness.

3. Risk Factors

In year 2018, the Company's core business were (i) television program producer and distributor, (ii) English language school business under the trade name of "Wall Street English", (iii) restaurant business under the trade name of "Jeffer Steak & Seafood", and (iv) service business for creation and management of integrated marketing communications

Risk factors of the year 2018 can be summarized as follows:

1. **Financial stability and ability to borrow and comply with conditions of loan agreement**

Apart from expansion of existing business, Wave Group may want additional funding to invest in new projects or acquire other businesses. Therefore, it has to maintain liquidity and reserve sufficient fund as working capital. Long-term financing must be obtained and source of financing should be diversified for highest benefits to the Company although Wave Group has outstanding long-term and short-term loans however, the well operating result and financial management, Wave Group can continue to comply with the conditions of loan agreements.

2. **Business Risks**

2.1 **Creation and management of integrated marketing communications business**

From the intense competition in the market whether by small, medium and large entrepreneurs including interested persons who wish to target this business, it results in sharing of market shares and it is more complicated together with the budget is controlled and limited which are not in line with the demand of customers which are variety and quite different and focusing on creatives to create the uniqueness of products and services by way of more sustainability and it shall respond the lifestyle and trend of consumers at the same time. The influences of technology is a part of life which create changes at any times therefore, the marketing for responding the basis needs may not be necessary but it needs to input the creative idea into it. "Creativity-Added" is the strategy that Wave Group use for proceeding of which it is the strategy of equity creation that challenges of marketing in year 2018 consisting of the add-on, create and pay attention in every details for creating of value due to every industrial sectors need creative to fulfil to make the different and remarkable and attractive to the target to continue create works by way of events which is the core business that Wave Group has strength and acknowledged by the domestic market and international market including other businesses for creating of opportunity to businessman, international investors and focusing on new markets. It can continue to have new models of businesses for continue and substantial growth in domestic market and in ASEAN region.

2.2 **Restaurant business**

Recently, customers' preferences have shifted. Thai people prefers convenience, tends to dine out more and the city has rapidly expanded. As a result, the number of restaurants substantially increases providing more options to consumers, including operators of western cuisine and local small and medium restaurant operators. As such, there is a high level of competition among restaurant business in Thailand. However, Wave Group plans to maintain its reputation as a leading restaurant with quality steak and reasonable prices. In addition, it differentiates itself from competitors by creates new menus which still remains the highlight is the price value, providing variety of menu selection, fast service, and being adaptive to changing needs of consumers. Create brand recognition by creating both online and offline media and sales promotions to increase consumer spending. Consequently, the Company maintains its leadership within the industry and gain ever-increasing market share.

Wave Group places great importance on quality of food and standard of service as it directly relates to consumer's health. Therefore, raw materials must be fresh and of good quality since its raw materials consist of meat, seafood, vegetables, and bread which have short shelf-life. Therefore, Wave Group has set policy on purchasing and management of inventory by ordering and stocking enough raw materials on a day-to-day basis. Certain raw materials are directly sent from suppliers to branches. Areas are designated for storage of raw materials in both cool storage and freezer to retain freshness and full original conditions of the raw materials and purchase raw materials from the manufacturing factory that has international standard. In the past year, there was a fluctuation in raw material prices. Therefore, Wave Group must plan the purchase on an annual basis, finding a new distributor and similar products to replace shortage products.

2.3 English language school business

English language school business is highly competitive due to the low barrier to entry. However, the Company provides unique English courses which are acceptable worldwide. The Company aims to become a leading private school which offers English language courses and training by having the right personnel with suitable qualifications, having good and appropriate locations, building a strong sales team, organizing up-to-date campaigns which are suitable for target customers and adaptive to current circumstances. Moreover, the Company uses innovative marketing to publicize the brand and to promote the sale through marketing strategy and to continue to focus on the existing customers by providing campaign that has attractive to the target and for encourage the sale volume.

2.4 Television program production business

As the Company produces and distributes television drama series only to Bangkok Entertainment Public Co., Ltd., it must carefully source high quality contents that match the audience's needs in order to ensure that the productions presented will receive the approval to be broadcasted.

The growth in digital TV has resulted in an increase in the number of television channels, each of which attempt to produce more drama series causing the lack of personnel in TV production. To avoid business disruptions from such risk, the Company has changed methods from hiring on a freelance basis to hiring on a Long Term Contract basis.

3. Risks relating to procurement of the right locations for conducting businesses

Selecting the right location, whether in department stores or other lease areas, is a critical factor to success of Wave Group's business. In this respect, the Company faces risks such as lease term of any center not being extended or changes to conditions of lease agreement. However, Wave Group conducts various business and is well known among teenagers, people who just starts working, and other consumers, which attracts consumers to use other services in department stores or lease areas. In addition, Wave Group is expanding its restaurant business by opening new stores in leading department stores every year. Therefore, it has a bargaining power with department stores and/or owners of lease areas in reserving suitable locations over other competitors and is able to enter into long-term lease agreements at reasonable expenses.

4. Risks from shortage of personnel

Human resources are important factor for sustainable growth of Wave Group. Wave Group has continuously given importance to risk in this area by promoting its staffs to have passion and bond with the organization. Wave Group also ensure that its staffs develop understanding and knowledge in business through continuous training and skill development. There is regular assessment of staffs. In addition, Wave Group also ensures appropriate employee compensation and provides other benefits such as medical expenses, group insurance, and provident funds.

5. Risk from economic and political instability, natural disasters, and force majeure on the business

Wave Group's revenues and profits rely on consumers' spending, and therefore may be negatively affected by external factors beyond the control of Wave Group such as economic slowdown, political instability or natural disaster (e.g. flood and earthquake). Such risks are faced by all companies and the Company has risk management measures to lower the negative impact on the business and manage force majeure events. Such measures include taking out insurances over assets to cover for events such as flood and fire etc

6. Risk of business interruption due to malfunction of information technology system

Wave Group, including its back office and business units, uses information technology system in conducting its business. Wave Group understands importance of maintaining business continuity in the event that any unexpected circumstance or disaster arises and causes failure of the computer system.

To lower such risk which may affect business continuity, Wave Group has back-up its information including accounting system and customer information by storing information and keeping them up-to-date within designated area.

4. General information and other important information

General Information

Name	WAVE Entertainment Public Company Limited
Head Office	Maleenont Tower, 15th Floor, No. 3199, Rama IV Road, Klongton Sub-district, Klongtoey, District Bangkok 10110
Type of business	1. Copyright owner and distributor of Thai drama series of Channel 3 2. Holding company
Register No.	0107536000978 (former: Bor Mor Jor 171)
Tel	(02) 665 – 6705
Fax	(02) 665 – 6750
Web site	www.wave-groups.com
Registered capital	Baht 510.07 million
Number and type of share	510.07 million ordinary shares with a par value of Baht 1 each
Paid-up capital	Baht 467.95 million
Number and type of share	467.95 million ordinary shares with a par value of Baht 1 each

Details of Companies in which the Company and its subsidiaries hold 10% or more of shares

Company	Business Type	Paid-up Shares		
		Type	Number	Par value (Baht)
1. Wave's subsidiaries				
1. WAVE Pictures Co., Ltd.	The Company has restructured the business for flexibility in management.	Common Shares	1,000,000	100
2. WAVE Food Group Co., Ltd.	The Company has restructured the business by changing its former name "WAVE TV and Movie Studios Co., Ltd." for clarity and flexibility in management.	Common Shares	500,000	10
3. WAVE Education Group Co., Ltd.	<ul style="list-style-type: none"> The Company has the rights as Master Franchisee to establish and operate English language centers under the name "Wall Street English" and license franchisees (sub-franchise right) to investors in Thailand, Laos and Vietnam. The Company has restructured the business by changing its former name "CVD Organizer Co., Ltd." for clarity and flexibility in management. 	Common Shares	100,000	10

Company	Business Type	Paid-up Shares		
		Type	Number	Par value (Baht)
4. Index Creative Village Plc.	Service business for creation and management of integrated marketing communications	Common Shares	172,000,000	1
2. WAVE Pictures Co., Ltd.'s subsidiary				
1. WAVE TV Co., Ltd.	<ul style="list-style-type: none"> Television programs producer and distributor Seller of TV commercial air time 	Common Shares	5,000,000	10
3. WAVE Food Group Co., Ltd.'s subsidiary				
1. Jeffer Restaurant Co., Ltd.	<ul style="list-style-type: none"> Purchase and procurement of raw materials and equipment for conducting food and beverages business Restaurant business including sale of food and beverages 	Common Shares	10,049,000	10
		Preferred Shares	49,000	10
4. WAVE Education Group Co., Ltd.'s subsidiary				
1. Wall Street English (Thailand) Co., Ltd. (Former name is Efficient English Services Ltd.)	Private English language school	Common Shares	630,000	10
		Preferred Shares	1,026,600	10
5. Index Creative Village Plc.'s subsidiaries				
1. Event Solutions Co., Ltd.	Provision of equipment for entertainment events	Common Shares	330,000	100
2. TresBien Co., Ltd. ¹	Decoration and provision of equipment for conferences and ceremonial events	Common Shares	75,000	100
3. I C V E X Co., Ltd.	Business events advisor and organizer	Common Shares	99,000	100
4. ICV Co., Ltd. (Established in the Republic of the Union of Myanmar)	Service, providing exhibition space and media design	Common Shares	500	USD 100
5. Inspire Image Co., Ltd.	Preparation, installation and removal of advertising boards	Common Shares	60,000	100
6. Blue Media Communications Co., Ltd.	Provision of publishing media design, production and distribution services	Common Shares	550,000	25
7. Media Vision (1994) Co., Ltd.	Light and sound system installation services for entertainment events	Common Shares	408,910	100
8. Enviro (Thailand) Co., Ltd. (Former name is Enviro Sell (Thailand) Co., Ltd.)	Providing advisory services, research data analysis and survey of statistic	Common Shares	80,000	100

Company	Business Type	Paid-up Shares		
		Type	Number	Par value (Baht)
9. Big Events Co., Ltd. ¹	Production of film and television programs and business events advisor and organizer	Common Shares	20,000	100
10. Index and V Co., Ltd.	Business events advisor and organizer	Common Shares	120,000	70
11. Index and M Co., Ltd.	Business events advisor and organizer	Common Shares	300,000	100
12. Index Creative Online Co., Ltd. ¹	Consultancy, design and development services for web sites and flash media	Common Shares	132,000	100
6.Wave's Associated				
1. Thai Solar Energy Pcl.	To produce electricity from solar energy for sale to public and private sectors.	Common Shares	1,905,749,580	1
7.Index Creative Village Plc.'s Associated				
1. Happio Co., Ltd.	Provides online solutions, software design and development service. (Website and mobile application)	Common Shares	900,000	10
2. Max Creative Co., Ltd. ¹	Provider of integrated marketing communication and imagine advisor and management services	Common Shares	110,000	100
3. Town Branding Co., Ltd.	Media production	Common Shares	50,000	100

Note:

¹ The companies are in the process of liquidation.

² Details of shareholding of WAVE in subsidiaries and associates are set out in the subject "Overview of businesses of the Company and its subsidiaries".

Wave Entertainment Public Company Limited, its subsidiaries, associated companies and joint ventures have a registered head office at Maleenont Tower, No. 3199, Rama IV Road, Klongton Sub-district, Klongtoey, District Bangkok 10110, Tel. (02) 665 – 6705, Fax (02) 665 – 6750, except for the following companies:

Name	1. Index Creative Village Plc.	2. Event Solutions Co.,Ltd.
	3. TresBien Co.,Ltd.	4. I C V EX Co.,Ltd.
	5. Blue Media Communications Co.,Ltd.	6. Enviro (Thailand) Co.,Ltd.
	7. Index and V Co.,Ltd.	8. Index and M Co.,Ltd.
	9. Index Creative Online Co.,Ltd.	10. Max Creative Co.,Ltd.
	11. Town Branding Co.,Ltd.	12. JV - INDEX Design 103
	13. JV - ID2	14. JV - Index D63
	15. JV - INDEX A7	
Head Office	545 Soi Pridi Bhanomyong 42, Sukhumvit 71 Road, Prakanong Nua Sub-District, Wattana District, Bangkok 10110 Tel (02) 725 – 9333 Fax (02) 713 – 0913	
Name	16. Big Events Co.,Ltd.	
Head Office	957/28-30 Sukhumvit 71 Road, Klongtonnuea Sub-District, Wattana District, Bangkok 10110 Tel (02) 713 – 0312-5 Fax (02) 713 – 3331	
Name	17. Inspire Image Co.,Ltd.	
Head Office	87 Soi Pattanakarn 20, Pattanakarn Road, Suan Luang Sub-District, Suan Luang District, Bangkok 10250 Tel (02) 717 – 8900 Fax (02) 717 – 7866	
Name	18. Media Vision (1994) Co.,Ltd.	
Head Office	999, 999/9 Moo 2, Bangkhen, Mueng nonthaburi, Nonthaburi 11000 Tel (02) 951 – 0101 Fax (02) 965 – 9679 – 80	
Name	19. Thai Solar Energy Pcl.	
Head Office	725 Metropolis, 19th floor, Sukhumvit Rd., Klongton Nua Sub-district, Wattana District, Bangkok 10110 Tel (02) 258 – 4530-3, (02) 258 – 4536-8 Fax (02) 258 – 4534	
Name	20. Happio Co.,Ltd.	
Head Office	139 Sethiwan Tower, Pan Road, Silom Sub-District, Bangrak District, Bangkok 10500 Tel (02) 731 – 5200 Fax (02) 004 – 8980	
Name	21 ICV Co.,Ltd.	
Head Office	No.31, Anigar Street, Bauk Htaw, Yankin Township, Yangon, Republic of the Union of Myanmar.	

Reference persons

Share registrar	Thailand Securities Depository Co.,Ltd. 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400 Tel. (02) 009 - 9000 Fax (02) 009 - 9991
Auditor	PricewaterhouseCoopers ABAS Ltd. 15 th floor Bangkok City Tower 179/74-80 South Sathorn Road, Bangkok 10120 Tel. (02) 344-1000 Fax. (02) 286-5050 Ms. Sakhunna Yamsakul Certified Public Accountant (Thailand) No. 4906 and / or, Mrs.Nattaporn Phan-Udom Certified Public Accountant (Thailand) No. 3430 and / or, Mr.Pisit Thangtanagul Certified Public Accountant (Thailand) No. 4095 have been appointed by auditors
Legal counsel	Capitalbox Consulting Co., Ltd. 93 Soi Chan 6, Thung Waddon Sub-District, Sathorn District, Bangkok 10120

5. Capital Structure

5.1 Company's Registered and Paid-up Capital

Registered and paid-up capital of the Company as of December 31, 2018:

Registered capital	:	Baht 510.07 million divided into 510.07 million ordinary shares with a par value of Baht 1
Paid-up capital	:	Baht 467.95 million divided into 467.95 million ordinary shares with a par value of Baht 1
Stock Exchange	:	The Stock Exchange of Thailand (SET)

5.2 Shareholders

The names of the top 10 shareholders (as of the book closing date on December 28, 2018) are as follows:

Name	Number of Shares	% of the total number of shares
1. Maleenont Family Group	175,126,924	37.42
1.1 Ms.Cathleen Maleenont	105,106,924	22.46
1.2 BEC World Public Company Limited	58,250,000	12.45
1.3 Ms.Prisana Maleenont	6,910,000	1.48
1.4 Ms.Piyawadee Maleenont	4,860,000	1.04
2. The Mall Group Co., Ltd.	46,750,000	9.99
3. Mr.Nuttapol Jurangkool	44,394,600	9.49
4. Mr.Veerasak Boonyaworamethee	20,502,700	4.38
5. Ms.Nattawan Piyamahachot	16,377,400	3.50
6. Mr.Pinai Jeenapan	15,622,000	3.34
7. Ms.Orayaporn Karnchanachari	15,600,000	3.33
8. Mrs.Suvimol Leesuwana	12,794,600	2.73
9. Mr.Thaweechat Jurangkool	7,810,000	1.67
10. Mr.Phornprasert Karnchanachari	7,658,300	1.64
Others	105,313,476	22.51
Total	467,950,000	100.00

Source: The name list of shareholders of WAVE Entertainment Public Company Limited as of December 28, 2018.

5.3 Issuance of other securities

The Company has convertible securities, namely warrants to purchase the Company's ordinary shares. The Company issued the Warrants to purchase the Company's ordinary shares No.1 (WAVE-W1) ("**Warrants**") in the total number of 42,119,734 units, the details of the right to exercise Warrants (WAVE-W1) are as follows :

Issuance Date:	11 May 2017
Term of the Warrants:	3 years from the issuance date of the warrants (the issuance date is 11 May 2017, the expiration date of the Warrants is 10 May 2020, and the last exercise date is 8 May 2020).
Exercise Period:	The warrant holders shall be entitled to exercise their rights under the Warrants on the last business day of June and of December throughout the term of the Warrants.
Exercise Ratio:	1 unit of Warrant will be entitled to purchase 1 ordinary share
Exercise Price:	Baht 6.00 per 1 ordinary share

As of December 31, 2018, no warrant holders have exercised their rights.

6. Dividend Payment Policy

The Company and its subsidiaries have a dividend policy which is to pay dividend to shareholders at a rate of no less than 50% of net profit after corporate income tax.

7. Management Structure

7.1 Board of Directors

The Company's board of directors had set and approved the company's vision, mission, strategy, goal, business plan and budget annually, as well as monitored the management to efficiently and effectively run business in accordance with the specified policy, strategy, business plan and budget in order to create maximum economic value to the business and to create highest stability for the shareholders. In addition, the Company's board of directors emphasizes internal control system, by setting an internal audit and a regular performance monitor. The Company's board of directors had also clearly determined duties and responsibilities of board of directors, sub-committee and the management team.

(1) As of December 31, 2018, the Company has 10 directors as follows:

Name	Position	Board of Directors meeting	
		Times/ year	Attendance number
1. Mr. Matthew Kichodhan ^{1,2}	Chairman Member of the Nomination and Remuneration Committee ³	7	5
2. Mr. Prasert Patradhilok ¹	Independent Director Chairman of Audit Committee	7	6
3. Mr. Somsak Phayapdacharchai	Independent Director Member of Audit Committee Member of Corporate Governance Committee	7	7
4. M. L. Nalinee Hastintra	Independent Director Member of Audit Committee Member of the Nomination and Remuneration Committee	7	7
5. Mr. Chaipranin Visudhipol ¹	Independent Director Chairman of Corporate Governance Committee Chairman of the Nomination and Remuneration Committee ⁴	7	5
6. Mr. Philipp O. Piaze ¹	Independent Director Member of the Risk Management Committee Member of Corporate Governance Committee	7	6
7. Dr. Cathleen Maleenont	Director Chairman of the Risk Management Committee	7	7
8. Ms. Piyawadee Maleenont ^{1,2}	Director	7	6
9. Mr. Tee Seeumpornroj ^{1,2}	Director Member of the Nomination and Remuneration Committee Member of the Risk Management Committee	7	3
10. Ms. Tracy Ann Maleenont ¹	Director	7	6
Directors resigned in 2018			
1. Ms. Manida Zimmerman ^{1,5}	Director Chairman of the Nomination and Remuneration Committee	1	0

Details of all directors' profiles are contained in the details relating directors, management and the Company's secretary as detailed in, Attachment No. 1, Annual Registration Statement (Form 56-1).

Remarks

- ¹ The directors were engaged in other business and unable to attend all meetings.
- ² Board of Directors has resolved to cancel the Investment Committee on 28 February 2018, which consists of Mr. Matthew Kichodhan as Chairman of the Investment Committee, Ms. Piyawadee Maleenont and Mr. Tee Seeumpornroj, as Member of the Investment Committee.
- ³ Appointed as Member of the Nomination and Remuneration Committee on 14 March 2018.
- ⁴ Appointed as Chairman of the Nomination and Remuneration Committee on 1 March 2018.
- ⁵ Resigned from the position of director and Chairman of the Nomination and Remuneration Committee, effective from February 22, 2018.

The shareholding in the Company's securities by directors and senior management (including their spouses and minor children) as at December 22, 2017, compared with December 28, 2018 is as follows:

Name	Position	Number of shares		
		22 Dec 2017 ¹	28 Dec 2018 ²	Changes
1. Mr. Matthew Kichodhan	Chairman Member of the Nomination and Remuneration Committee	-	-	-
(Spouse and minor children)		-	-	-
2. Mr. Prasert Patradhilok	Independent Director Chairman of Audit Committee	-	-	-
(Spouse and minor children)		-	-	-
3. Mr. Somsak Phayapdacharchai	Independent Director Member of Audit Committee Member of Corporate Governance Committee	-	-	-
(Spouse and minor children)		-	-	-
4. M. L. Nalinee Hastintra	Independent Director Member of Audit Committee Member of the Nomination and Remuneration Committee	-	-	-
(Spouse and minor children)		-	-	-
5. Mr. Chaipranin Visudhipol	Independent Director Chairman of Corporate Governance Committee Chairman of the Nomination and Remuneration Committee	-	-	-
(Spouse and minor children)		-	-	-
6. Mr. Philipp O. Piaz	Independent Director Member of the Risk Management Committee Member of Corporate Governance Committee	-	-	-
(Spouse and minor children)		-	-	-
7. Dr. Cathleen Maleenont	Director Chairman of the Risk Management Committee	105.11 million shares (24.95%)	105.11 million shares (22.46%)	-
(Spouse and minor children)		-	-	-

Name	Position	Number of shares		
		22 Dec 2017 ¹	28 Dec 2018 ²	Changes
8. Ms. Piyawadee Maleenont	Director	4.86 million shares (1.15%)	4.86 million shares (1.04%)	-
(Spouse and minor children)		-	-	-
9. Mr. Tee Seeumpornroj	Director Member of the Nomination and Remuneration Committee Member of the Risk Management Committee	-	-	-
(Spouse and minor children)		-	-	-
10. Ms. Tracy Ann Maleenont	Director	-	-	-
(Spouse and minor children)		-	-	-
<u>Directors resigned in 2018</u>				
1. Ms. Manida Zimmerman	Director Chairman of the Nomination and Remuneration Committee	0.19 million shares (0.05%)	-	Decrease by 0.19 million shares
(Spouse and minor children)		-	-	-

Remark

- ¹ In 2017, The Company has increased its registered capital from 421.20 million shares at the par value of Baht 1 per share to 463.32 million shares at the par value of Baht 1 per share and paid-up capital 421.20 million shares at the par value of Baht 1 per share.
- ² In 2018, The Company has increased its registered capital from 463.32 million shares at the par value of Baht 1 per share to 510.07 million shares at the par value of Baht 1 per share and paid-up capital 467.95 million shares at the par value of Baht 1 per share.

In 2018, all senior management (including their spouses and minor children) did not hold shares in the Company.

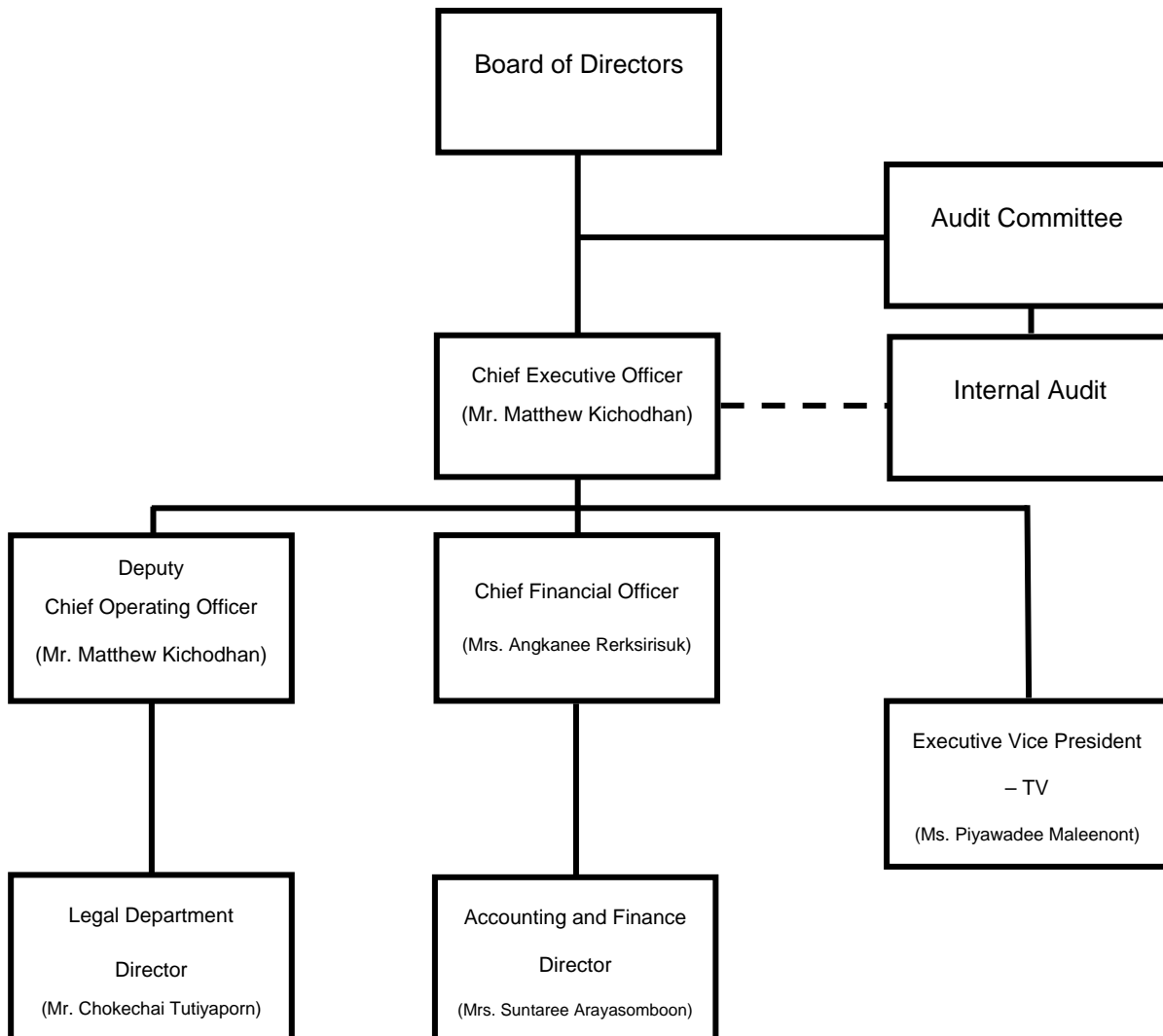
7.2 Management

As of December 31, 2018, the Company has 5 executives as follows:

Name	Position
1. Mr. Matthew Kichodhan	Chief Executive Office Acting Chief Operating Officer
2. Mrs. Angkaneer Rerksirisuk	Chief Financial Officer
3. Ms. Piyawadee Maleenont	Executive Vice President – TV
4. Mrs. Suntaree Arayasomboon	Accounting and Finance Director
5. Mr. Chokechai Tutiyaporn	Legal Department Director

Organization Chart

As of 31 December 2018



7.3 Company Secretary

Board of Directors has appointed Mrs. Angkaneer Rerksirisuk to act as the Company Secretary. The qualifications of the Company Secretary are contained in the details relating directors, Management and the Company's secretary Section, Attachment No. 1, Annual Registration Statement (Form 56-1).

7.4 Remuneration for Directors and the Management

(1) Monetary remuneration

The Company has clearly and transparently laid down a policy on remuneration for directors, appropriately considered by the Nomination and Remuneration Committee in aspects of appropriation, duties and responsibilities of each director and the Company's financial status. The remuneration was specified in the same level similarly to other companies' remuneration which are in the same industry, and was sufficient to attract and retain the qualified directors, as the Board of Directors deems appropriate. Each group of the directors and committees were assigned to have additional duties and responsibilities, for example, the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee and the Corporate Governance Committee shall receive additional remuneration in accordance with their additional assignments and responsibilities. Subsequently, the remuneration shall be considered and approved by the Company's Board of Directors and the shareholders in order to comply with the good corporate governance principles.

It is noted that the Company's Independent Directors are required to hold office merely only the Company and receive remuneration from the Company.

(a) Remuneration for Directors

In 2018, the details of monetary remuneration consist of fixed remuneration and meeting attendance fee which shall be paid in accordance with a number of attendance as follows:

Unit : Baht

Name	Position	Fix remuneration	Meeting Fee	Total monetary remuneration
1. Mr. Matthew Kichodhan ²	Chairman	420,000	25,000	445,000
	Member of the Nomination and Remuneration Committee ³	96,000	-	96,000
2. Mr. Prasert Patradhilok	Independent Director ¹	240,000	30,000	270,000
	Chairman of Audit Committee	300,000	20,000	320,000
3. Mr. Somsak Phayapdacharchai	Independent Director ¹	240,000	35,000	275,000
	Member of Audit Committee	180,000	20,000	200,000
	Member of Corporate Governance Committee	-	5,000	5,000
4. M. L. Nalinee Hastintra	Independent Director ¹	240,000	35,000	275,000
	Member of Audit Committee	180,000	20,000	200,000
	Member of the Nomination and Remuneration Committee	120,000	5,000	125,000
5. Mr. Chaipranin Visudhipol	Independent Director ¹	240,000	25,000	265,000
	Chairman of Corporate Governance Committee	-	5,000	5,000
	Chairman of the Nomination and Remuneration Committee ⁴	150,000	5,000	155,000
6. Mr. Philipp O. Piaz	Independent Director ¹	240,000	30,000	270,000
	Member of the Risk Management Committee	-	10,000	10,000
	Member of Corporate Governance Committee	-	5,000	5,000

Name	Position	Fix remuneration	Meeting Fee	Total monetary remuneration
7. Dr. Cathleen Maleenont	Director	240,000	35,000	275,000
	Chairman of the Risk Management Committee	-	15,000	15,000
8. Ms. Piyawadee Maleenont ²	Director	240,000	30,000	270,000
9. Mr. Tee Seeumpornroj ²	Director	240,000	15,000	255,000
	Member of the Nomination and Remuneration Committee	120,000	-	120,000
	Member of the Risk Management Committee	-	-	-
10. Ms. Tracy Ann Maleenont	Director	240,000	30,000	270,000
<u>Directors resigned in 2018</u>				
1. Ms. Manida Zinmerman ⁵	Director	-	-	-
	Chairman of the Nomination and Remuneration Committee	-	-	-
Total		3,726,000	400,000	4,126,000

Remark

- ¹ Independent director shall act in his/her position as director in the parent company only and receive remuneration only from such company.
- ² Board of Directors has resolved to cancel the Investment Committee on 28 February 2018, which consists of Mr. Matthew Kichodhan as Chairman of the Investment Committee, Ms. Piyawadee Maleenont and Mr. Tee Seeumpornroj, as Member of the Investment Committee.
- ³ Appointed as Member of the Nomination and Remuneration Committee on 14 March 2018.
- ⁴ Appointed as Chairman of the Nomination and Remuneration Committee on 1 March 2018.
- ⁵ Resigned from the position of director and Chairman of the Nomination and Remuneration Committee, effective from February 22, 2018.

(b) Remuneration for the Management

Remuneration for the management is in accordance with the policies and rules as specified by the Company's board of directors and is linked with the Company's short term performance such as operating results in each financial year and long term performance such as ability to achieve financial objectives and goals of revenue growth by the Company and the performance of each member of the management, considered by the Nomination and Remuneration Committee and proposed to the Board of Directors for an approval.

In 2018, the monetary remuneration was paid by the Group Company, consisting of salaries, bonuses and others to the senior management totaling 9 persons in the total amount of Baht 61.07 million.

(2) Other remuneration

(a) Other remuneration for directors

The Company did not pay any non-monetary remuneration/other benefits to the board of directors other than the monetary remuneration namely fixed remuneration and meeting fees.

(b) Other remuneration for the management

In 2018, the Company's subsidiary paid other remuneration namely provident fund to the 3 senior management in the total amount of Baht 0.37 million.

7.5 Employee

(1) Remuneration for employees

Wave Group has laid down a policy on remuneration for employees, by having considered appropriate, fairness, and in accordance with knowledge, skills and performance of each employee, which is consistent with the average rate paid in the same industry. The remuneration was considered based on factors including the Company's short-term operating results such as profitability during each financial year and long-term operating results such as performance assessment by KPI or Balanced Scorecard, business expansion and growth of the Company. As of December 31, 2018, Wave Group has paid remuneration to the employees in the forms of salaries, overtime expenses, financial aid for cost of living, bonuses, special financial aid, social security and provident fund contributing to the total of 1,982 employees, divided into 14 of the Company's employees and 1,968 subsidiary's employees. The total amount of remuneration for employees in 2018 was Baht 645.16 million, which included the employees benefit is in accordance with International Accounting Standard 19 Employees Benefits.

(2) Employees benefits

In order to enhance quality of working life, not only benefits will be provided to the employees as prescribed under the laws, the Company has also developed the benefits and welfare to comply with the Company's nature of business and managed to have additional benefits, for example, outpatients and inpatients medical benefits, supporting money benefits and others (such as supporting money for a host in funeral of an employee or his/her legitimate family member), in order to build up employees' morale and to enhance their confidence to work with the Company, to share their costs and create securities for the employees and their family members in a certain level. Such benefits were considered at the highest benefits which the employees will receive. The Company also laid down a policy on human resource management publicly announced and acknowledged by all levels of employees.

(3) Employee development

The Company has laid down a policy on employee development focusing on providing knowledge to the employees in which the Company managed to have internal and external training plans, in order for the employees to gain knowledge and develop their skills, as well as to enhance their efficiency and effectiveness to their performance. In 2018, the employees had enrolled in trainings at the average period of 11 hours per year, calculated based on total of 1,982 employees of Wave Group.

8. Corporate Governance

8.1 Corporate Governance Policy

According to the Company's Articles of Association which authorize the Board of Directors to make decision and monitor the Company's operations, such as determining visions, strategies, business goals, plan and annual budgets, including monitoring, follow-up, and assessment of the Company's operations and performance of the management to ensure that laid-out policy and strategies have been implemented. In addition, the Board of Directors is responsible for monitoring the Company's financial positions, financial management, and ability to service debt so that the group company can comply with covenants under the facility agreements.

The Board of Directors realized the importance of good corporate governance and has resolved to appoint Corporate Governance Committee to support operations of the group company to be in compliance with good and transparent governance policy, creating confidence and reliability to all shareholders, investors, stakeholders. The Company's corporate governance policy is as follows:

- Corporate Governance Policy is part of the business operation policy which the Company's Corporate Governance Committee had monitored, amended and improved to match with the current circumstances, the changing conditions of the Company, economic and social situations, and to comply with additional policies of Stock Exchange of Thailand or other monitoring organizations, which is the uplift of the Company's corporate governance to match with the international standard.

Furthermore, the Company's Board of Directors had improved the corporate governance policy to match with the regulations on monitoring corporate governance policy of listed company of the Institute of Directors ("IOD") which introduces additional regulations to match with the evaluation rules of ASEAN CG Scorecard, and had informed the directors, executives, and employees to acknowledge such amendments.

The Board of Directors' Meeting No. 1/2019 held on 28 February 2019, has reviewed and audited the compliance to the policy in year 2018, which concludes that the Company's Board of Directors has fully complied with the relevant policy and procedures. However, some corporate governance policy implemented by the Company are different from criteria on corporate governance report of Thai listed companies by IOD for year 2019 as described below:

Guidelines/Good Corporate Governance Policy of IOD	Explanations of the Company
Chairman of the Board of Directors shall be an independent director.	The Company's chairman is not an independent director. However, the present chairman is suitable, experienced and capable of efficiently monitor the performance of duties of the Board of Directors, and fairly ensure the benefits of every parties.

Guidelines/Good Corporate Governance Policy of IOD	Explanations of the Company
Chairman of the Board of Directors and CEO shall be a different person.	The chairman of the Board of Directors and CEO of the Company is the same person. However, for check and balance purpose, the Board of Directors has established an appropriate structure of the Board of Directors by clearly separate duties and responsibilities of the Board of Directors from that of the management, including any approval and operation shall be proceeded in accordance with authorizations approved by the Board of Directors.
Majority of the Board of Directors shall be independent directors.	As of 31 December 2018, 50% of the Board of Directors are independent directors. The Board of Directors believes that such structure is suitable to the current business and control structure of the Company.
Independent director shall be in his/her term of not more than 9 years.	The Company is in the process of reconsidering setting the term of independent director to be not more than 9 years.
At least 1 member of the Audit Committee must have an accounting degree.	The Company is in the process of recruiting the Audit Committee so that the committee consists of at least 1 director who graduated in accounting.
All members of the Nomination and Remuneration Committee shall be independent directors.	As of 31 December 2018, the Nomination and Remuneration Committee of the Company consists of independent executive director and non-executive directors. As a result, majority of the Nomination and Remuneration Committee are independent directors. The Company's Board of Directors believes that the structure of such sub-committee is suitable to the current business and control structure of the Company.
All directors must attend at least 75% of the total number of board of directors' meeting per year	In 2018, certain directors had urgent matters to attend and could not attend all board of directors' meeting. The Company is in the process of requesting cooperation from all directors to attend at least 75% of the total number of board of directors' meeting per year.

Guidelines/Good Corporate Governance Policy of IOD	Explanations of the Company
At least two-thirds of all directors shall be present for voting an agenda of the meeting.	According to the Articles of Association, not less than half of all directors shall be present at the Board of Directors' meeting to constitute a quorum and the resolutions of the meeting shall be passed by majority vote. The Board of Directors believes that such resolution ratio is suitable to the Company's current conditions. Nevertheless, voting of any agenda of the Board of Directors' meetings shall be passed by majority vote in practice.

- Code of Conduct:

The Company's Corporate Governance Committee had monitored, amended and improved code of conduct to match with the current circumstances, the changing conditions of the Company, economic and social situations, and to comply with the additional policy of Stock Exchange of Thailand or other monitoring organizations regularly. The Board of Directors considered and approved the latest issue of "Code of Conduct" and the Company had published and distributed to all directors, executives and employees as guidelines for honest and justly operation, including to the Company, every stakeholder, public and society, in which employees and executives shall sign for acknowledgement and agree to annual self-assessment in respect of compliance with code of conduct. In addition, the Company has monitoring program for the compliance, and established disciplinary actions, in which there is no issue of non-compliance with code of conduct found in year 2018.

- Connected transactions and transactions potentially leading to conflict of interest:

According to the Company's policy, it has set the procedures regarding any connected transaction with the person potentially have conflict of interest that such transaction must be subject to the consideration of management, and introduce to the Board of Directors and/or the shareholders' meeting for approval in accordance with the Company's authorization matrix, articles of association, and the conditions of the SET's notifications concerning information disclosure and the operation concerning connected transaction of the listed company. In addition to this, the opinion of the Board of Directors and Audit Committee stating that such transaction is appropriate and for the utmost benefit of the Company same as the transaction made with the third party, must be expressed. The director who has an interest shall not be entitled to vote on such transaction and the information shall be fully disclosed for the overall benefits of the Company which is in compliance with the Company's good corporate governance policy.

Any transaction with major shareholders, director, executives or any related persons must be subject to the approval procedures as set by the Company's authorization matrix, articles of association, and the approval to such transaction is made by non-interest person.

The Board of Directors has always approved connected transactions and transactions potentially leading to conflict of interest with due care and complied with the Stock Exchange of Thailand's regulation. The connected transaction is made justly by the market price and in accordance with the fair and at arms' length principle of the Company, which the utmost benefit of the Company is prioritized, including the disclosure of information concerning name, relation of the related person, pricing policy, transaction value, and opinion of the Board of Directors regarding such transaction, are also expressed in the annual report and in form 56-1.

The trend of future connected transaction of the Company is still similar to the precedent years, such as office lease in Maleenont Tower, production of Thai TV drama for Channel 3 Thailand, and car park service fees in Maleenont Tower.

- Internal Control System and Internal Audit:

The Board of Directors had established Internal Audit Department to conduct internal audit and develop internal control system, which such department must be independent to operate and directly report to the Audit Committee.

The Board of Directors has established clear and measurable objectives with business goals and budgets for each unit to achieve. The organizational structure has been formed with appropriate designations of segregation of responsibilities, proper policy on good corporate governance, code of conduct for all directors, executives and employees to follow strictly as guidelines and stipulations of prohibitions on directors, executives and employees from behaving in ways that could bring about conflicts of interest to the Company. Policies and procedures have also been laid down in respect of financial transactions, procurements and general administrative management to ensure unbiased treatments for all trade partners, which should in turn benefit the Company in the long term. The Internal Audit Department shall have its duty in monitoring the operation of internal control system to be performed according to the designated policy, and report to the Audit Committee. Furthermore, the Internal Audit Department shall prepare evaluation on sufficiency and appropriateness of the Company's internal control system and report to the Audit Committee and the Board of Director annually. The most recent report by the Audit Committee to the Board of Directors was in the Board of Directors' Meeting No. 1/2019 held on 28 February 2019, stating that the Company and its subsidiaries already had sufficient and appropriate internal control and audit systems which can effectively protect the Company's and its subsidiaries' assets against being utilized improperly or without authorization by management.

- Financial Statement Audit:

such audit shall be performed by licensed auditor which shall monitor internal accounting system to stipulate monitoring guidelines, timeline, and scope of the operation. In 2018, the auditor found no material issue that potentially requires the improvement in internal control system.

- Risk Management:

The Company always takes into consideration of the Company's risk or potential risk and analysis the probability that such risks could affect the Company. The Company's management will hold a meeting to consider risks arising from economic conditions and competition, including seeking for ways to manage such risks. In 2018, the Company found no risk that could materially has an impact on the Company materially.

The Company realizes the significance of business operation under good corporate governance principle, and prioritize to the liability and non-bias principle toward every relevant party, for instance, establish a clear structure, liability, independence and performance of the Board of Directors, transparent disclosure, and strict monitoring and risk management system, to increase confidence and add value to the shareholders. The Company has disclosed such information through various channels such as annual report, form 56-1, Stock Exchange of Thailand's website, and the Company's website to facilitate every stakeholder to access such information easily through various channels.

Moreover, the Company gives opportunities to every stakeholder to suggest their opinions through letter or email to Corporate Communications & Investor Relations, for which suggestions will be gathered and screened before reporting to the Executive Committee and the Company' Board of Directors.

The Board of Directors realizes the importance of good corporate governance to have transparent business operations, increase competitive capacity, and increase confidence to all shareholders, investors, and relevant persons. Therefore, good corporate governance policy has been established to cover the following material issues:

- Provide fair and equal treatment to every shareholders and stakeholders;
- The Board of Directors determines to create additional values to the business in the long term, perform their duties and manage the business with due care and efficiency for the utmost benefit of every shareholders, including preventing the occurrence of conflict of interest and being responsible to his/her act and decision.
- Operate with transparency, verifiable, with adequate information disclosure to every relevant persons.
- The Company also prepares code of conduct for all directors, executives and employees to follow strictly as guidelines since April 2003, which is from time to time subject to any amendment to match with the current circumstances, the changing conditions of the Company, economic and social situations, and to comply with the additional regulations as set by Stock Exchange of Thailand or other supervisory agencies. Such manual has its core concerning in code of conduct, operation guidelines for the Company's Board of Directors, executives, company secretary, employees, policy and guidelines treatment to stakeholders, non-violation on human right policy, security policy, occupational health and safety environment policy, monitoring on policy compliance, complaint, disciplinary action and penalty, and communicate to have the Board of Directors, executives, and employee to acknowledge the content. The Company had published code of conduct and distributed to the relevant units as guidelines for fair and honest performance. The employees and executives have acknowledged it and acknowledged self-assessment to comply with such code of conduct on annual basis.
- The Company was evaluated on corporate governance of listed company by Thai Institute of Director under the support from SET in 2018. According to letter no. PorThorTor.(Wor) 001/2018, dated 19 October 2018 of IOD., the Company was given 90 scores or "Excellent", from the total of 657 listed companies being evaluated in 2018. The average score was 81 scores. The Company was rated "Excellent" same as year 2017 and 2016.

- The Company was evaluated on quality of its annual general meeting in 2018 (Annual General Meeting Checklist). According to letter no. TIA. 122/2018 dated 19 June 2018 of Thai Investors Association, the Company was given 94 scores or "Excellent", from the total of 657 listed company being evaluated in 2018. The average score was 92.42 scores. The Company was rated as "Excellent", which was less than year 2017 and 2016 rating of "Excellent (deserve as an example)".
- The Company has complied with good corporate governance principles for the listed company year 2012, which is in accordance with the guidelines of the Stock Exchange of Thailand which divide into 5 parts:
 - Part 1: The Rights of Shareholders;
 - Part 2: The Equitable Treatment of Shareholders;
 - Part 3: The Role of Stakeholders;
 - Part 4: Disclosure and transparency;
 - Part 5: The Responsibilities of the Board of Directors.

Part 1: The Rights of Shareholders

The Company has its policy to facilitate every shareholders including institutional investor to be entitled to all basic rights, for instance, the right to buy, sell, or transfer their own shares freely, the right to receive dividends, the right to attend the shareholders' meeting, the right to express opinions freely, the right to make decisions on important affairs of the Company such as nomination of directors, approval of significant transactions, approval of directors' remuneration, appointment of an auditor and fix audit fee, amendment of memorandum of association, amendment of the Company's Article of Association, etc. However, shareholders have the right to vote at meeting according to the number of shares owned by each shareholder, whereby one share is for one vote and no particular share allows them privilege to limit the rights of other shareholders and also encourage shareholders to attend the shareholders' meeting and express their vote and opinions freely.

Apart from the abovementioned basic rights of the shareholders, the Company has the following tasks to encourage and facilitate shareholders in the exercising of their rights:

1. Provide essential, clear and up to date information for shareholders regarding the Company's business and notify through SET's ELCID or the Company's website;
2. Prior to a meeting, each shareholder will receive significant and sufficient information relative to the date and the agenda of the meeting. This will be posted on the Company's website approximately one month before the meeting. Shareholders' rights to attend the meetings and the right to vote on resolutions will be clearly mentioned in the notice to shareholders' meeting;
3. Every shareholder is entitled to propose agenda of the meeting, nominate person to hold the director's office, and submit the question prior to the meeting date which the Company has notified timeline to accept any questions through channel of SET and the Company's website.

In 2018, the Company encourages shareholders to participate in the shareholders' meeting by allowing them to propose the agenda of which they view essential to be the agendas of the 2019 shareholder's meeting, nominate potential candidates with capabilities and qualifications to hold the director's office, including submitting questions prior to the 2019 AGM, which encourage shareholders to submit their questions through the Company's website (www.wave-groups.com) from 1 October 2018 to 31 December 2018. However, no shareholder propose any agenda, or nominate any person to hold the office of director, or submit any question within such designated period.

4. In case where the shareholders are unable to attend the meetings, they are entitled to appoint a representative e.g. an independent director or any person, to act as their proxy, using proxy forms attached to the notice of the meeting. The forms can also be downloaded from the Company's website.
5. Before the start of the meeting, the chairman of the meeting will declare the method of counting votes for each agenda and shareholders' rights. The Company shall start the meeting when the number of shareholders and authorized proxies have formed the required quorum. The chairman runs the meeting according to the agendas in order as specified in the notice of the meeting and shareholders could express their comments and queries on each agenda. On the meeting day, the registration to attend the meeting will be opened for 1.5 hours before the meeting commences.
6. In each annual general meeting of the shareholders, one third of the directors will finish their terms; hence, the election will take place on the day of the meeting. For the election of the directors, the Company informs the shareholders that in case where the number of nominated persons does not exceed the number of directors required for that election and/or if the number of nominated persons exceeded the number of directors required, each nominated persons is then elected individually. The shareholders are entitled to propose the name of an individual for the office of the Company's director freely.
7. In the annual general meeting, to vote in any agenda, the Company will collect vote cards from shareholders who disagree or abstain to support the voting results in each agenda. The shareholders may examine the details after the meeting.

The Company appointed Capitalbox Consulting Co., Ltd., legal counsel, to act as intermediary in the annual general meeting 2018 to carry on the meeting with transparency, completeness, in compliance with the regulation and articles of association, and verify the voting throughout the meeting.

8. At the meeting, the shareholders are allowed to freely express their opinions, give suggestion or raise questions on any agenda before calling for a vote on a resolution. The Company has provided shareholders with sufficient information on such matters. Should shareholders have questions or enquiries, specialists in the specific fields are available to answer those questions under the responsibility of the Board of Directors. Significant questions and answers as well as suggestions are recorded in the minute of the meeting.
9. For any agenda of the meeting, the shareholders can call for a secret ballot if one of them makes such request with approval of five other shareholders.

10. In respect of the agenda concerning remuneration of the directors, information regarding the amount and type of compensation to each director, comprising of fix remuneration and meeting fees, are disclosed to the shareholders. In case of any change in the amount of remuneration, such change must be approved by the shareholders' meeting.
11. The Company Secretary is responsible to prepare and keep the minutes of meeting, which has been reviewed by the Board of Directors during the next Board of Directors' meeting. Such minutes is also posted on the Company's website where shareholders could review the completeness before proposing to certify on the next meeting and submitted in time to relative agencies.

Part 2: The Equitable Treatment of Shareholders

The Company's Board of Directors has its policy to provide the equitable treatment to every individual shareholder, every group of shareholders, major or minor shareholders, institutions or foreign investors. For instance,

1. The Company had assigned responsibilities to the independent directors in the areas of minority shareholders' interests. The minority shareholders are allowed to contact independent directors which shall manage each issue adequately, for example, suggestion which relate to the overall interest of stakeholders or affect the business operation of the Company, independent directors shall then nominate such matter to the shareholder's meeting to consider including it as agenda of the meeting. In case of complaint, independent directors shall investigate facts and find appropriate solution, and minority shareholders shall be able to authorize one of the independent directors as their proxy to attend shareholders' meeting to protect their rights.

The Company give an opportunity for shareholders to propose additional agendas for the 2018 General Annual Meeting of Shareholders including asking any questions in advance as well as proposing persons to be nominated as the Company's director in advance during 1 October 2017 to 31 December 2017 however, no minority shareholders proposed any matter to be included in the agenda of the meeting or nominate any person to hold the office of director or submit prior questions or complaints. The 2018 shareholder's meeting was carried by agendas as designated in the invitation letter with no additional agenda being added without prior notification to the shareholders. In the appointment of directors agenda, the votes were made on an individual basis for which directors and executives have disclosed information to the Board of Directors about conflict of interest both themselves and relatives to the Board of Directors since the nomination to the Company. In addition, the Board of Directors had set the report on directors' shareholding as an agenda of the Board of Directors' meeting.

2. The Board of Directors has determined measures to control the usage and and prevent the misuse of internal information (insider trading) of relevant persons namely the Board of Directors, executive directors, employees and related persons of which they shall comply with the guideline of the Securities and Exchange Act B.E. 2535 (as amended) such as to careful of adhering to the usage of any internal information that could affect the price of the securities and to report the acquisition or sale of the Company's shares.

In addition, the Company has a policy governing directors and high ranking executives (including their spouses and minor children), to report the acquisition or sale of the Company's securities 1 day prior to the date of acquisition or sale, by reporting to the Board of Directors or authorized person, or company secretary. The shareholdings in the Company's securities, status of holding and change of the Company's securities by directors and high ranking executives (including their spouses and minor children) are reported to the Board of Directors quarterly.

3. As for the shareholders' meeting, the Company sends the proxy forms which the shareholders can control the voting direction in accordance with the form as prescribed by the Ministry of Commerce, along with the notice of the meeting. Furthermore, the shareholders, who arrive after the meeting has commenced, have the right to vote on the agenda being discussed at that time and no resolution has been made on such agenda. The attendance by such shareholders will be counted as quorum from such agenda onwards, unless the meeting views otherwise.

Part 3: Roles of Stakeholders

The Board of Directors conducts business with transparency to ensure mutual and sustainable benefits to all stakeholders. Corporate administration and operations ensure that the Company protects the right of stakeholders as required by the law. Wave Group has set guidelines on treatments to the various group of stakeholders as part of its code of conduct. The guidelines can be summarized as follows:

- **Shareholder**

The Board of Directors had designated public relation and investors relation team to be responsible for providing equal and fair treatment to shareholders and investors as required by the law and the Company's articles of association such as right to request for verification on the number of shares, the right to receive share certificates, the right to attend the shareholders' meetings, the right to vote and freely express opinion at the meetings, and the right to receive an appropriate return. The Company gives shareholders the right, as owner of the company, to make suggestions and recommendations on the Company's affairs to the independent directors. Each suggestion will be carefully considered and presented to the Board of Directors. In addition, the Company has disclosed accurate, adequate, reliable and timely information. The Company's dividend payment policy is not less than 50% of net profit after tax.

- **Customer**

The Board of Directors places great importance on customers and ensures that commercial terms given to customers are fair and accepted standards. The Company aims to provide customers with products or services with maximum benefits in respect of both quality and price. The Company makes on-time delivery of its products or services. To attain highest customers' satisfaction and build a long-term relationship with customers, it has a policy to keep confidentiality of customers and designates a unit responsible for providing customers recommendations on products and services and taking suggestions from customers.

▪ **Employee**

The Board of Directors believes that employees are the most valuable assets. Thus, the human resources department has been assigned to tasks such as determining suitable employees' remuneration, fair and equal treatment for all employees, encouraging of employees to develop their skills, promoting a good and safe work environment and organizing other basic welfare and benefits such as group insurance and provident fund.

▪ **Supplier and/or Creditor**

The Board of Directors will not conduct business or transact with suppliers and/or creditors who will impair the Company's reputation or conduct illegal activities. The Company ensures fair treatment and mutual benefits with suppliers and/or creditors, engages in fair selection processes, and strictly complies with terms and conditions of commercial agreements. In case the Company could not comply with any condition, it will negotiate with supplier and/or creditor to find solutions.

▪ **Competitor**

The Board of Directors operates the business by the rules and does not harm reputation of competitors with fault accusation. It does not attempt to obtain confidential information of any competitor with unlawful or inappropriate method.

▪ **Society and Community**

The Company believes in the importance of social responsibility. The Company's products and services have no damaging effects to the society. For instance, its television programs neither have inappropriate nor violent content. The programs are entertaining and share valuable viewpoints. The Company supports activities of the community and their consequences on the society beyond that required by the law and promotes social responsibility to the community.

The Company conducts business which are beneficial to economy and society and shows proper respect towards local culture and traditions of the country in which its office is situated or it conducts business transactions and abides by the relevant local laws and regulations. It constantly strives for improvement of social welfare both on its own and joint efforts with the state or the community.

▪ **Policy on non-violation of human rights**

The Company upholds and complies with human rights' principles and laws. Overall, the Company abides by the following human rights principles:

Human rights

- The Company shows proper respects towards rights of each individual whom it interacts in conducting business and shall not perform or promote any human rights violation activity.

Work environment

- The Company treats all employees equally and does not promote discrimination, whether directly or indirectly, including race, gender, age, disability, religion, and expression of political opinion or other opinion.
- The Company provides appropriate entitlements, benefits, and welfare to all employees.
- The Company has set procedures for filing of complaint and complaint resolution.
- In case there is any violation of regulations by employees, the Company shall hold disciplinary investigations and take appropriate disciplinary actions as appropriate.

▪ **Safety, Occupational Health, and Environment**

The Company conducts its business in accordance with the highest standard measures of occupational health and safety environment. Set out below are guidelines on occupational health and safety environment measures.

- The Company shall comply with local laws and regulations relating to occupational health and safety environment of the country in which it conducts business transactions.
- The Company shall comply with standards to ensure occupational health and safety within work environment for all employees.
- The Company shall educate and provide training to employees on occupational health and safety environment at every level, including promoting compliance with standard environmental protection measures as required by industrial laws.
- The Company shall disclose truthful information relating to occupational health and safety environment.

The Company ensures that the work environment is safe for life and property of employees, customers, and those who contact the Company and examines and rectifies its safety system by planning and giving training of fire protection system to employees on a yearly basis. It implements environmental campaigns including promoting lower usage of paper by using both sides of the paper and using electronic emails in replacement, turning off the office's lights during lunch break, setting air-conditioner temperature at 25 degrees Celsius, and using of LED lights.

In 2018, Wave Group has no incidents of accident or any employee taking significant leaves or sick leaves as a result of working. Nevertheless, Wave Group has purchased accident insurance, life insurance and other types of insurance relating to work for the employees.

▪ **Conflict of Interest - Policy**

The Board of Directors puts great importance on activities which may cause conflict of interests and connected transactions. Guidelines for directors, executives and employees are as follows:

- avoid entry into connected transactions with himself/herself which may cause conflicts of interest against the Company;
- if entry into such transaction is necessary, the Company's interest shall be considered as if the transaction was conducted with a third party. The director, executive, employee or person with interest in such transaction shall not take parts in approving the transaction;

- if such transaction is connected transaction under the Notifications of the Stock Exchange of Thailand, the Company shall strictly comply with rules, methods, and information disclosure of connected transaction;
- in case directors, executives and employees or their family participates or holds shares in competing business or other activities which may cause conflicts of interest against the Company, such person shall notify the board meeting in writing;
- if directors, executives or employees become director, partner or counsel in other company or business organization, such holding of position must not be in conflict with the Company's interest and his/her direct duties in the Company.

▪ **Code of Conduct – Intellectual Property**

The Board of Directors requires that the Company's directors, working team, and employees must be cautious on the use of intellectual property and must respect the rights of intellectual property owners.

In this respect, the Company provides the following channel to shareholders and stakeholders for filing of information or complaints in relation to violations of the laws or code of ethics of the Company and submission of enquiries regarding the Company's financial statements or internal control system to audit committee who are independent directors:

Electronic mail: audit@wave-groups.com

Post: To Audit Committee
Wave Entertainment Public Company Limited
15th Floor, Maleenont Tower
No. 3199, Rama IV Road, Klongton, Klongtoei, Bangkok 10110

The secretary of the Audit Committee is responsible to summarize the issues and proposes to the Audit Committee for investigation prior to being reported to the Board of Directors. The Company has a policy to protect providers of information or suggestions or recommendations and keeps the providers' information confidential. In 2018, no issue or complaint was filed to the Audit Committee.

Part 4: Information Disclosure and Transparency

The Board of Directors places importance on information disclosure as it affects decision making of shareholders and stakeholders. The Board of Directors has a duty to disclose both financial and non-financial information in Thai and English via SET Community Portal of the Stock Exchange of Thailand as required by the laws and ensures accuracy, adequacy, reliability and timeliness in disclosing information.

The Company's directors and Chief Executive Officer (CEO) or any designated person are responsible for disclosing information of the Company. In addition, the Company's public relations and investor relations unit is responsible for communicating with investors, shareholders, analysts and governmental agencies with fair and equal treatments. If any shareholder requires additional information, he/she may contact Public Relations and Investor Relations Unit, Wave Entertainment Public Company Limited, No. 3199, Rama IV Road, Klongton, Klongtoey, Bangkok 10110 or Tel. (02) 665-6705 or via email at ir@wave-groups.com or via website at www.wave-groups.com. The Company discloses its information according to Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2) and other information in accordance with rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission or as required by the relevant laws and regulations including:

- Prepare a statement of the Board of Directors' responsibilities in the preparation of the financial statements along with the auditor's report.
- The Company's directors and executives must disclose information regarding any interest of himself/herself or his/her related person which might cause a conflict of interest against the Company.
- The Company's operating structure, which clearly represents its investment in associated companies and subsidiaries, must be disclosed.
- Remuneration of each director of the Company's subsidiaries must be disclosed.
- Policy on determining remuneration of directors, including types and amount of which each director is entitled, must be disclosed.
- Information relating to performance of duties by the Board of Directors and sub-committees, including the number of meetings attended by each director, must be disclosed.
- Social and environmental protection policy and compliance with such policy must be disclosed.
- Report on corporate governance policy and compliance with such policy must be disclosed.

Part 5: Responsibility of the Board of Directors

The Board of Directors consists of directors with capabilities who work with the Company's executives in setting the Company's policies, short-term and long-term business plans, financial planning, risk management, and overall image of the organization. They have critical roles in supervising, examining, and evaluating performance of the Company and its executives to be in line with the policy or strategy.

1. Board Composition

The Board of Directors consists of:

- 1) The number of members of the Board of Directors must be appropriate for the size of business of the Company. The Board of Directors is comprised of no less than 5 members as required by the law and no more than 12 members. At least half of the Board of Directors must be domiciled in Thailand and one non-executive director must have experience in the Company's business.

- 2) One-third of the Board of Directors must consist of independent directors and no less than 3 independent directors.
- 3) The Board of Directors must consist of non-executive directors to perform duties and create balance between executive directors and non-executive directors and at least one-thirds of the member of the Board of Directors must be independent directors.

Structure of the Board of Directors as of 31 December 2018 consists of 10 members with qualifications and experience in various expertise which is beneficial to the Company's business operation:

- Executive director 2 directors
- Non-executive and independent directors 5 directors
- Non-executive directors 3 directors

Remark:

Ms. Manida Zimmerman was non-executive director resigned from the position of director and Chairman of the Nomination and Remuneration Committee, effective from February 22, 2018

The Board of Directors consists of 5 sub-committees, namely the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Corporate Governance Committee, which are responsible for proposing relevant matters to the Board of Directors for consideration or acknowledgement or approval. This is to give confidence to shareholders that the Company follows strict procedures in operating its business.

In addition, the Company appointed one Company Secretary as required by the laws. The Company Secretary's duties can be summarized as follows:

- coordinates and manages the convening of board meetings, sub-committee meetings, and shareholders' meeting.
- prepares and stores relevant documents and reports.
- gives preliminary advice to the Board of Directors and executives on compliance with the laws and regulations relating to the Company's business.
- coordinates for implementation of resolutions of the board meetings and shareholders' meetings.
- performs any acts as required by the Securities and Exchange Act, the Public Company Act, notifications and regulations of the Capital Market Supervisory Board, and other relevant laws and regulations.

2. Qualifications of the Board of Directors

The minimum qualification criteria of each of the Company's directors are:

- 1) has suitable qualifications without any characteristic which is prohibited by the Public Company Act or other relevant laws, rules and regulations of the Stock Exchange of Thailand and the Office of the Security and Exchange Commission and the Company's Articles of Association;
- 2) has knowledge and capabilities beneficial to the Company's business operations and has good track records of work experience;
- 3) has leadership, vision, and is independent in his/her decision-making to ensure utmost benefits to the Company and its shareholders;
- 4) is interested in the Company's business and sufficiently devotes time to the Company; and
- 5) performs his/her duties with honesty, ethics and in compliance with the laws and good corporate governance and code of conduct.

3. Term of Directorship

Term of directorship shall be in accordance with the Company's Articles of Association. At every annual general meeting of shareholders, one-third of the members of the Board of Directors shall retire by rotation. If the number of directors is not a multiple of three, the number nearest to one-third shall retire from office. A retiring director may be nominated to the meeting for re-election.

In addition, the Board of Directors has set a policy that an independent director may lose his/her independency if holding the position of independent director for nine consecutive years or three consecutive terms.

4. Duties and responsibilities of the Board of Directors and Management

1) Segregation of duties of the Chairman of the Board of Directors and the Chief Executive Officer

The Company's Chairman of the Board of Directors and Chief Executive Officer are the same person. In order to balance such authorities, the Board of Directors has set appropriate composition of the Board of Directors by clearly separating duties and responsibilities of the Chairman of the Board of Directors from those of the Chief Executive Officer. Each act of the Company shall be in accordance with the authorization matrix of the Company and approved by the Board of Directors.

All directors must be independent in expressing his/her opinion towards the Company's business operation with honesty to protect interests of the Company and its stakeholders. The directors are obligated to perform their duties in accordance with the laws, the Articles of Association of the Company, and resolutions of the Board of Directors' meetings and the shareholders' meetings.

2) Duties and responsibilities of the Board of Directors and Management

Duties and responsibilities of the Chairman of the Board of Directors

- Ensures that the Board of Directors carry out its duties efficiently.
- Ensures that all directors obtain all important information in timely manner for discussion of each agenda during the meetings.
- Encourages the directors to enter into discussion and raise questions and opinion on issues identified during the meetings.
- Promotes respectable relationship among directors, the Board of Directors and the management.
- Ensures that the Company has effective communication with shareholders.

Duties and responsibilities of the Board of Directors

1. Under the laws, the Board of Directors has fiduciary duty to conduct the Company's business operation in the way that provides utmost benefits to the shareholders. The Board of Directors comply with four important principles:

- 1.1. perform its duties with care (Duty of Care)
- 1.2. perform its duties with honesty and protect benefits of the Company and shareholders (Duty of Loyalty)
- 1.3. comply with the laws, objectives, Articles of Association and resolutions of the shareholders' meeting (Duty of Obedience)
- 1.4. disclose accurate and complete information with transparency and on time to shareholders (Duty of Disclosure)

In addition, the Board of Directors shall comply with good corporate governance principles and policies as directors of listed companies in accordance with the Principle of Good Corporate Governance of the Stock Exchange of Thailand and the Office of the Securities Exchange Commission.

2. The authorized signatories of the Company are in accordance with the Company Affidavit which is Mr. Matthew Kichodhan, Ms. Cathleen Maleenont, Ms. Piyawadee Maleenont or Mr. Tee Seeumpornroj can jointly sign with the Company's seal affixed to bind the Company.
3. The Board of Directors shall set vision, mission, strategy, and business policies on an annual basis for the utmost benefits of shareholders.
4. The Board of Directors shall ensure that the Company's business plan gives it a competitive advantage over competitors in both local and international markets.
5. The Board of Directors shall monitor, follow up and evaluate performance of Wave Group and its high-level executives to ensure that the policy and strategy have been complied for the highest benefits of the relevant parties.

6. The Board of Directors shall monitor and develop risk management system including monitoring and development of corporate governance to ensure that the systems are of accepted standard.
7. The Board of Directors shall not conduct any act which competes with the interests of the Company and causes conflict against the Company.
8. The Board of Directors shall manage the Company with honesty, care and in accordance with the laws, objectives and the Articles of Association of the Company, and resolutions of the shareholders' meetings.
9. The Board of Directors shall encourage employees at every levels to have work ethics by placing great importance on internal control and audit system to lower the risk of dishonesty and abuse of power and to protect any act which violates the laws.
10. The Board of Directors shall look after rights and interests of major and minority shareholders, being transparent in performing its duties, and disclosing correct and sufficient information. The performance of the Board of Directors shall be verifiable.
11. The directors shall attend both board meetings and shareholders' meetings, except in case of any unanticipated circumstance in which the director must inform the Chairman of the Board of Directors or the Secretary of the Board of Directors in advance.

In performing its duties, the Board of Directors may consult independent advisors or professional experts as required and necessary.

The Company has set authorizations of the Board of Directors under "Authorization Matrix" of the Company and its associated companies and subsidiaries. The Board of Directors has the authority to approve the following matters:

- 1) Determination on business policies of the group
- 2) Determination on authorization and business conduct of the Company, except for matters which must be proposed to shareholders for approval such as capital increase, capital reduction, issuance of debentures, assignment of rights, amendment to the Company's memorandum of association or articles of association
- 3) Determination on the group structure
- 4) Determination on meeting allowance and remuneration for directors (for further approval through the Nomination and Remuneration Committee prior to proposing to the shareholders' meeting for approval)
- 5) Approval on annual budget of the group

- 6) Investment in new project or new company through proposal by the Investment Committee (if the determined amount of investment exceeds the significant threshold as defined under the notifications of the SET and the SEC concerning acquisition or disposal of assets, connected transactions, and information disclosure, such transaction shall be approved by the Board of Directors' meeting or the shareholders' meeting in accordance with the relevant notifications)
- 7) Financials including withdrawals and deposits such as opening and closing of accounts with banks/financial institutions and determination of bank authorized signatories and authorized amount, loan and guarantee including opening of the bank's O/D facility, loan and issuance of guarantee from banks or financial institutions, and determination on financial policies and management (through proposal by the Investment Committee)
- 8) Employment, appointment, rotation, promotion, dismissal and determination on salaries, wages and other type of remuneration to executives at the level of chief executive officer of the group, through proposal by the Nomination and Remuneration Committee
- 9) Debt compromise and bad debt write-off (per debtor)
- 10) Approval on any project which exceeds the annual budget (20% in excess of the approved budget) or approval on any project outside of the annual budget (with the required amount of exceeding Baht 30 million)
- 11) Fixed assets write-off (by considering net book value) through demolition or charity
- 12) Approval on connected transactions (connected transactions between the Company or its subsidiary and any person with potential conflict of interest pursuant to the definition by SEC or SET) (if the determined amount exceeds the significant threshold as defined under the notifications of the SET and the SEC concerning acquisition or disposal of assets, connected transactions, and information disclosure, such transaction shall be approved by the Board of Directors' meeting or the shareholders' meeting in accordance with the relevant notifications)

Duties and responsibilities of the Chief Executive Officer

The Chief Executive Officer has duties and responsibilities as assigned by the Board of Directors and shall consider risks exposed to the Company and manage it with honesty and care in accordance with policy, strategy, business plan or budget approved by the Board of Directors to ensure utmost benefits of the Company, shareholders, and stakeholders. The duties and responsibilities of the Chief Executive Officer include:

1. operate and manage the Company on a daily basis;
2. employ, appoint, terminate, rotate, promote, demote, deduct salary or wage, take disciplinary actions against staffs and employees, and terminate employment of staffs and employees in accordance with regulations prescribed by the board meetings;

3. prepare and propose to the Board of Directors the business policies and strategy of the Company, including policy, strategy, business plan and budget, for approval, and report to the Board of Directors progress in executing the plan and the budget quarterly in the board meetings;
4. operate in accordance with policies, strategy, plan, and budget approved by the Board of Directors;
5. exercise of power by the Chief Executive Officer shall not be permitted in case the Chief Executive Officer has interests in exercising the power or such exercise may cause conflict of interest against the Company.

The Company has set the authorization matrix in order to decentralize power, duties, decision-making, and instructions, including all instructions for cheque payment (of Baht 3,000 and above) shall be approved the authorized signatories of the Company.

Duties and responsibilities of the Company Secretary

The Board of Directors appointed one Company Secretary as required by the laws. Duties and responsibilities of the Company Secretary are to:

1. act as Company Secretary of the Company and coordinate the convening of board meetings and shareholders' meetings to be in accordance with principles of good corporate governance and in line with rules, regulations, Articles of Association, good practices, and other relevant laws such as the Securities and Exchange Act and the Public Company Act B.E. 2535 (1992) etc.
2. disclose information of the Company according to rules and regulations of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, and other relevant supervisory agency;
3. give preliminary advice to the Board of Directors and executives of the Company on compliance with the laws, Articles of Association of the Company, and rules and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand including keeping up-to-date on new rules and regulations relevant to the Company;
4. prepare and store documents of the meetings and other relevant documents such as register of directors, notice to the board meetings, minutes of the board meetings, notice to the shareholders' meeting, minutes of shareholders' meeting, annual report, report on shareholding in the Company, and report on conflicts of interest by directors and executives etc.
5. look after activities of the Board of Directors to facilitate the directors in handling their duties efficiently and in accordance with the relevant laws, rules and regulations, code of conduct, principles of good corporate governance, Articles of Association of the Company, in order to ensure utmost benefits to the Company and shareholders;

6. coordinate the implementation of the resolutions of the Board of Directors' meetings and the shareholders' meetings;
7. perform any other duty as assigned by the Board of Directors.

5. Directorship in other companies

1) Policy on directorship in other listed companies.

The Company has established a policy that each director can hold the position of director in other listed companies, in aggregate of no more than 5 listed companies to ensure that each director can perform and devote time to his/her duties efficiently.

2) Policy on directorship in other companies of the Chief Executive Officer.

The Company has established a policy that the Chief Executive Officer can hold the position of director in other companies, in aggregate of no more than 5 companies (excluding subsidiaries and associated companies of the Company) to protect the benefits of the Company and ensure that such holding of directorship shall not affect performance of duties and responsibilities by the Chief Executive Officer.

6. Orientation and training for directors

- 1) Any new director must participate in the Company's orientation to acknowledge important and necessary information prior to commencing his/her term of directorship with the Company.
- 2) The Company will consistently support the directors to participate in trainings, as recommended by the Office of the Securities and Exchange Commission, organized by Thai Institute of Directors (IOD) such as Directors Accreditation Program (DAP), Directors Certification Program (DCP), and Audit Committee Program (ACP) etc. The majority of the Company's directors has completed such programs. In addition, The Company supports the directors, audit committee, management and Company Secretary, and other relevant personnel to participate in trainings. The Company Secretary is responsible for notifying interesting courses to such persons. The Company covers for training expenses to support the directors in handling their duties efficiently. The continuous development of the directors' knowledge is through various activities such as participation in training in Thailand and overseas, business trip overseas, and company visits etc.

Set out below is information relating to participation in programs recommended by the Office of the Securities and Exchange Commission and organized by Thai Institute of Directors.

Name of Directors	Courses		
	Directors Accreditation Program (DAP)	Directors Certification Program (DCP)	Anti-Corruption: The practical Guide (ACPG)
1. Mr. Matthew Kichodhan	Class no. 57/2006	Class no. 95/2007	
2. Mr. Prasert Patradhilok		Class no. 20/2002	Class no. 15/2014
3. Mr. Somsak Phayapdacharchai	Class no. 49/2006		
4. Mr. Chairpranin Visudhipol		Class no. 88/2007	
5. Mr. Philipp O. Piaz	Class no. 146/2018	Class no. 260/2018	
6. Dr. Cathleen Maleenont	Class no. 9/2004	Class no. 150/2011	
7. Ms. Piyawadee Maleenont	Class no. 140/2017		
8. Mr. Tee Seeumpornroj	Class no. 113/2014	Class no. 257/2018	
9. Ms. Tracy Ann Maleenont	Class no. 61/2007		

The Company's policy is to support participation by directors in programs organized for directors. Over 90% of members of the Board of Directors has participated in the abovementioned programs.

In addition, the Company's directors continuously attended the following courses or seminars to increase their knowledge relating to performance of their duties in 2018.

No.	Course	Date
<u>Mr. Matthew Kichodhan</u>		
1.	Chairman Forum "Digital transformations a must for all companies" Organized by: Thai Institute of Director (IOD)	6 November 2018
<u>Mr. Prasert Patradhilok</u>		
1.	Inaugural Corporate Governance Conference 2018 - Building Trust in Transforming Economy Organized by: Stock Exchange of Thailand, the Office of Securities and Exchange Commission and Securities Investors Association (Singapore)	19 September 2018

7. Annual Performance Evaluation

1) Performance evaluation of the Board of Directors

The Company has established a policy that the Board of Directors shall carry out annual performance evaluation on individual and collective basis, to be used as framework for evaluating performance of duties by the Board of Directors and reviewing comments on the Company's business operation and performance of duties by the Board of Directors during the past year. The evaluation results shall be proposed to the Board of Directors' Meeting for consideration and used to increase work efficiency.

In 2018, performance evaluation of the Board of Directors was carried out on both individual and collective basis. The Company Secretary prepared such evaluation form for performance evaluation on the Board of Directors based on the form prepared by Good Governance Development & Alliance Department, the Stock Exchange of Thailand, which was posted on the Stock Exchange of Thailand's website and used it as criteria for assessment of the Board of Directors' performance whereby the Company Secretary has provided such assessment to the Board of Directors to evaluate its performance on both individual and collective basis and then asked each of Director to provide the evaluated assessment to the Company Secretary for further evaluating and proceeding. The Board Self-Assessment can be divided into 5 levels namely 4 = Excellent Performance / 3 = Good Performance / 2 = Adequate Performance / 1 = Slight Performance / 0 = No Performance

- The evaluation of the Board of Directors' performance (collective basis) can be assessed on six main topics:
 - (1) Structure and qualifications of the Board of Directors
 - (2) Roles, duties and responsibilities of the Board of Directors
 - (3) Board of Directors' meetings
 - (4) Performance of duties by the Board of Directors
 - (5) Relationship with management team
 - (6) Self-development of directors and development of executives

The overall results of performance evaluation on the Board of Directors (collective basis) in 2018 is with average scores of a good level.

- The evaluation of the Board of Directors' performance (individual basis) can be assessed on three main topics:
 - (1) Structure and qualifications of the Board of Directors
 - (2) Board of Directors' meetings
 - (3) Roles, duties and responsibilities of the Board of Directors

The overall results of performance evaluation on the Board of Directors (individual basis) in 2018 is with average scores of a good level.

2) Performance evaluation of the sub-committees

The Company has established a policy that performance of each sub-committee shall be evaluated on annual basis in order to review performance of duties by the sub-committees and provide comments relating to performance of duties by the sub-committees during the past year. The evaluation results shall be proposed to the Board of Directors' Meeting for consideration and used to increase work efficiency.

In 2018, performance of the following sub-committees was evaluated: Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Corporate Governance Committee. The Company Secretary prepared evaluation form for such performance evaluation based on the form posted by Good Governance Development & Alliance Department, the Stock Exchange of Thailand on the Stock Exchange of Thailand's website and used it as criteria for assessment of the sub-committees and/or adjusted according to scope of duties and responsibilities under charter of each sub-committee whereby the Company Secretary has provided such assessment to the Sub-Committees to evaluate its performance and then asked each of Director of each Sub-Committee to provide the evaluated assessment to the Company Secretary for further evaluating and proceeding. The self-assessment can be divided into 5 levels namely 4 = Excellent Performance / 3 = Good Performance / 2 = Adequate Performance / 1 = Slight Performance / 0 = No Performance

- The evaluation of sub-committee's performance can be assessed on three main topics:

- (1) Structure and qualifications of the sub-committee
- (2) Meetings of the sub-committee
- (3) Roles, duties and responsibilities of the sub-committee

The overall results of performance evaluation on the sub-committees in 2018 can be summarized as follows:

- the performance of the Audit Committee is at average scores of a excellent level.
- the performance of the Nomination and Remuneration Committee is at average scores of a good level.
- the performance of the Risk Management Committee is at average scores of a good level.
- the performance of the Corporate Governance Committee is at average scores of a good level.

3) Performance evaluation of the Chief Executive Officer

The Board of Directors assigned the Nomination and Remuneration Committee to evaluate performance of the Chief Executive Officer on an annual basis. The evaluation results shall be used as guideline in determining remuneration of the Chief Executive Officer and proposed to the Board of Directors' Meeting for acknowledgement and approval.

In 2018, the Nomination and Remuneration Committee assessed performance of the Chief Executive Officer. The Company Secretary prepared evaluation form for performance evaluation of highest level executive based on the form posted by Good Governance Development & Alliance Department, the Stock Exchange of Thailand on the Stock Exchange of Thailand's website and used it as criteria for assessment of the Chief Executive Officer whereby the Company Secretary has provided such assessment to the Nomination and Remuneration Committee to evaluate the Chief Executive Office's and then asked the Nomination and Remuneration Committee to provide the evaluated assessment to the Company Secretary for further evaluating and proceeding. The assessment can be divided into 5 levels namely 4 = Excellent Performance / 3 = Good Performance / 2 = Adequate Performance / 1 = Slight Performance / 0 = No Performance.

The Nomination and Remuneration Committee assessed the performance of the Chief Executive Officer on ten main topics:

- (1) Leadership
- (2) Establishment of strategy
- (3) Implementation of strategy
- (4) Financial planning and operation
- (5) Relationship with Board of Directors
- (6) Relationship with third party
- (7) Management and relationship with personnel
- (8) Succession plan
- (9) Knowledge of products and services
- (10) Personal characteristics

The overall results of performance evaluation on the Chief Executive Officer in 2018 is with average scores of a good level.

8. Succession plan

The Board of Directors supports and places great importance on development of succession plan of Chief Executive Officer and/or high-level executives which is part of human resource planning strategy of the Company by planning or preparation of high-potential personnel including director or high-level executive who is knowledgeable in the business to act as Chief Executive Officer in the event that the Chief Executive Officer is unable to perform his work or such position becomes vacant for continuity of the business.

8.2 Sub-committee

The Board of Directors established the sub-committees to review important operations effectively and with due care. Each sub-committee shall hold meeting and report results to the Board of Directors for consideration or acknowledgement or approval (as the case may be) on a regular basis and to shareholders by including the Audit Committee's activities in the annual report, which shall support overall business operation of the Company to accomplish its objectives and in line with good corporate governance. There are 4 sub-committees as follows:

- 1) Audit Committee
- 2) Nomination and Remuneration Committee
- 3) Risk Management Committee
- 4) Corporate Governance Committee

1) Audit Committee

The Audit Committee consists of at least 3 independent directors having the qualification in accordance with the notification of the Stock Exchange of Thailand regarding the qualification and scope of the Audit Committee B.E. 2542 (as amended), for which Mr. Prasert Patradhilok acts as Chairman of the Audit Committee. He has the expertise and experience in reviewing financial statements. The duties of the Audit Committee include checking if the operation has been carried out in accordance with the Company's policies and regulations as well as the laws and the compliance unit's regulations. Moreover, they are committed to ensure that the Company has an appropriate, modern and efficient internal control system, a risk management system and internal audit system. The Audit Committee acts and expresses opinions freely, with the Company's internal audit office acting as an operation unit directly reporting to the Audit Committee. The Audit Committee is entitled to seek advice from independent consultants including auditors, advisors, and legal and accounting experts as necessary.

As of 31 December 2018, the Audit Committee comprises of:

Name	Position	Status
1. Mr. Prasert Patradhilok	Chairman of the Audit Committee	Independent director
2. Mr. Somsak Phayabdechachai	Member of the Audit Committee	Independent director
3. M.L. Nalinee Hastintra	Member of the Audit Committee	Independent director
Mr. Parinya Sutthiyong	Secretary of the Audit Committee	

Audit Committee's term of office

The term of office of the Audit Committee is 3-year term of office. The latest term is from 1 January 2018 to 31 December 2020. Upon completion of the term, the members of the Audit Committee may be reappointed. However, the Board of Directors has set an additional condition of the policy that independent director will lack independency once he/she has held the position in the office for 9 years or 3 consecutive terms.

Scope of duties and responsibilities of the Audit Committee

The Audit Committee has the following duties and responsibilities:

1. To review the Company's financial statements and related financial reports to ensure that they are accurate and adequately disclosed;
2. To review and ensure that the Company and its subsidiaries have suitable and efficient internal control system and internal audit system, to consider whether qualifications, experience and training of chief internal audit unit is suitable for holding such the position, to determine the internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief internal audit unit or any other unit in charge of internal audit;
3. To review the Company's compliance with the laws on securities and exchange, the regulations of the Stock Exchange of Thailand, the Office of Securities and Exchange Commission and the laws relating to the Company's business;
4. To consider capabilities and independence of an external auditor and propose for approval of appointment of the Company's auditor and the audit fee, including dismissal of the Company's auditor;
5. To review the connected transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Stock of Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. To prepare an audit committee report and include it in the Company's annual report, which must be signed by the Chairman of the Audit Committee. The report must consist of at least the following information:
 - (6.1) an opinion on accuracy, completeness and reliability of the Company's financial statements;
 - (6.2) an opinion on appropriateness and adequacy of the Company's internal control system, risk management system and internal audit system;
 - (6.3) an opinion on the Company's compliance with laws on securities and exchange, regulations of the Stock Exchange, the Office of the Securities and Exchange Commission and the laws relating to the Company's business;
 - (6.4) an opinion on suitability of the external auditor;

- (6.5) an opinion on connected transactions and transactions that may lead to conflicts of interest;
 - (6.6) the number of Audit Committee meetings, and the attendance of such meetings by each committee member;
 - (6.7) an overall opinion or comment which the Audit Committee obtains when performing its duties as specified in the audit committee charter;
 - (6.8) other transactions which the Audit Committee opines that should be known to the shareholders and general investors, under the scope of duties and responsibilities assigned by the Board of Directors.
7. To arrange the Audit Committee meetings of at least 4 times per year in order to present the audit committee reports to the Board of Directors, as well as to approve the appointment of appropriate person as the Secretary of Audit Committee.
8. To inspect any suspicious circumstance without delay whenever being informed of the fact by the auditor and shall report the result of preliminary inspection to the Office of Securities and Exchange Commission (SEC) and the auditor within 30 days after being notified by the auditor. Such circumstances were discovered by the auditor that the director, manager or any person responsible for the operation of the Company commits an offence under the Securities and Exchange Act such as dishonesty, fraud, embezzlement and concealment, etc.
9. To report the transactions or any acts which may materially affect the Company's financial conditions and operating results to the Board of Directors for rectification within the period of time that the Audit Committee thinks fit:
- (9.1) transactions which cause conflicts of interest;
 - (9.2) fraud or irregularity or significant failure of internal control system;
 - (9.3) violation of the laws on securities and exchange, the regulations of the Stock Exchange, the Office of the Securities and Exchange Commission or the laws relating to the Company's business.
- If the Board of Directors or management fails to make a rectification within such period of time, any member of the Audit Committee may report such transaction or act to the Office of Securities and Exchange Commission (SEC) or the Securities and Exchange of Thailand (SET).
10. The Audit Committee has the duties and responsibilities to govern policies and anti-bribe and anti-corruption measures to ensure that the Company has complied with its duties under the prescribed laws and code of ethics.
11. To do any other matters assigned by the Board of Directors of which the Audit Committee agrees.

2) Nomination and Remuneration Committee

The Board of Directors has appointed the Nomination and Remuneration Committee consists of at least 3 persons who is responsible for the nomination of persons qualified as directors to replace those who are retired by rotation or resigned for any other reasons. The committee also set guidelines and criteria in determining fair and reasonable remuneration for directors, sub-committees, Chief Executive Officer and propose the remuneration to the board meetings and/or shareholders' meeting for approval. In addition, the committee is responsible for (i) filling in vacancies, appointment, removing, and transferring of high-level executives, (ii) determining budget for increase of remuneration, (iii) changing salaries, bonus, and all types of remuneration for high-level executives, prior to proposing to the Board of Directors for approvals. No candidate was proposed for the position of director by minority shareholders in 2018.

As of 31 December 2018, the Nomination and Remuneration Committee comprises of:

Name	Position	Status
1. Mr. Chaipranin Visudhipol ¹	Chairman of the Nomination and Remuneration Committee	Independent director
2. Mr. Matthew Kichodhan ²	Member of the Nomination and Remuneration Committee	Executive Director
3. M.L. Nalinee Hastintra	Member of the Nomination and Remuneration Committee	Independent director
4. Mr. Tee Seeumpornroj	Member of the Nomination and Remuneration Committee	Non-executive director
Ms. Suntree Arayasomboon	Secretary of the Nomination and Remuneration Committee	

Remark:

¹ Appointed on 1 March 2018

² Appointed on 14 March 2018

Scope of duties and responsibilities of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has the following duties and responsibilities:

- To select appropriate candidates to be appointed as new directors or Chief Executive Officer and to propose nominations to the Board of Directors' meeting and/or the shareholders' meeting for approval.
- To set guidelines and criteria in determining fair and reasonable remuneration for directors, sub-committees, chief executive officer and management and propose the remuneration to the board meetings and/or shareholders' meeting for approval.

3. To consider appointment, relief, determining budget for increase of remuneration, changing salary and all types of remuneration and bonus of high-level executives before proposing to the Board of Directors' meetings for approval.
4. To prepare the report of the Nomination and Remuneration Committee and disclose the report which has been signed by the Chairman of the Nomination and Remuneration Committee on the Company annual report.
5. To perform other duties as assigned by the Board of Directors.

3) **Risk Management Committee**

The Risk Management Committee as of 31 December 2018 consists of:

	Name	Position	Status
1.	Dr. Cathleen Maleenont	Chairman of Risk Management Committee	Non-executive director
2.	Mr. Tee Seeumpornroj	Member of Risk Management Committee	Non-executive director
3.	Mr. Philipp O. Piaz	Member of Risk Management Committee	Independent director
	Mr. Parinya Sutthiyong	Secretary of Risk Management Committee	

Scope of duties and responsibilities of the Risk Management Committee

The Risk Management Committee has the scope of duties and responsibilities and report to the Board of Directors as follows:

1. To determine the overall risk management policy to subsequently propose the Board of Directors of which it covers all potential risks which may arise from internal and external risks including strategic risks, financial risks, operation risks, non-legal and regulation's compliance risks and any other risks that could potentially affect company's business.
2. To determine enterprise risk management framework
3. To supervise operation to comply with risk management procedure
4. To follow up the performance to comply with strategy of internal divisions
5. To provide advice to the Board of Directors in respect of risk management
6. To acknowledge the outcome or progress of organization's risk management, business units divisions and otherwise
7. To prepare the report of the Risk Management Committee and disclose the report which has been signed by the Chairman of the Risk Management Committee on the Company annual report.
8. To perform other duties as assigned by the Board of Directors.

4) Corporate Governance Committee

The Board of Directors realizes the importance of Good Corporate Governance and had a resolution to appoint the Corporate Governance Committee to support operations of the Company to be in line with good corporate governance principles with appropriateness and transparency, including creating confidence and respect to shareholders, investors, and all stakeholders.

As of 31 December 2018, Corporate Governance Committee consists of:

Name	Position	Status
1. Mr. Chairpranin Visudhipol	Chairman of the Corporate Governance Committee	Independent Director
2. Mr. Somsak Phayapdacharchai	Member of the Corporate Governance Committee	Independent Director
3. Mr. Philipp O. Piaz	Member of the Corporate Governance Committee	Independent Director
Mrs. Angkaneer Rerksirisuk	Secretary of the Corporate Governance Committee	

Scope of duties and responsibilities of the Corporate Governance Committee

The Corporate Governance Committee has the scope of duties and responsibilities and report to the Board of Directors as follows:

1. To determine corporate governance policy, code of conduct, and guidelines on corporate social responsibility (CSR) of Wave Group to propose to the Board of Directors for approval and compliance at every level.
2. To provide advice to the Board of Directors on good corporate governance, code of conduct, and corporate social responsibility.
3. To promote and govern business activities of the Company and performance of duties by the Board of Directors, executives and employees to be in line with policy on good corporate governance, code of conduct and guidelines on corporate social responsibility.
4. To examine and update policy on good corporate governance, code of conduct and guidelines on corporate social responsibility of Wave Group on a regular basis to ensure that policy on good corporate governance, code of conduct and guidelines on corporate social responsibility of Wave Group are up-to-date and in line with guidelines of international standard including laws, rules, regulations and notifications of the Stock Exchange of Thailand or other supervisory agencies and propose to the Board of Directors for approval.
5. To report results of performance to the Board of Directors for acknowledgement or approval.
6. To prepare the report of the Corporate Governance Committee and disclose the report which has been signed by the Chairman of the Corporate Governance Committee on the Company annual report.
7. To perform other duties assigned by the Board of Directors.

8.3 Nomination and Appointment of Directors and Senior Managements

1) Independent Director

Independent Director's Definition

The nomination of independent director shall be considered by the Nomination and Remuneration Committee to subsequently propose the Board of Directors and Shareholders in accordance with the Company's procedure. However, the Company has rules in respect of the nomination of independent director of which it shall have qualification in accordance with the Notification of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand's rules as follows:

- (1) holding shares not exceeding 1% of the total number of shares with voting rights of the company, its parent company, subsidiary company, associate company, major shareholder or controlling person, including shares held by related persons of such independent director
- (2) neither being nor used to be an executive director, employee, staff, advisor who receives salary, or controlling person of the company, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person, unless the mentioned status has ended at least 2 years but not including the case that such independent director used to be authorities and governmental counsel which is major shareholder or controlling of the company
- (3) not being a person who is related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child of other director, executive, major shareholder, controlling person or persons to be nominated as director, executive, or controlling person of the company or its subsidiary company
- (4) neither having nor used to have a business relationship with the company, its parent company, subsidiary company, associate company, major shareholder or controlling person in a manner that may obstruct the use of independent judgment. Not being or being a significant shareholder or the controlling person of a person who has a business relationship with the company, its parent company, subsidiary company, associate company, major shareholder or controlling person unless the aforementioned relationship has ended for at least 2 years
- (5) neither being nor used to be an auditor of the company its parent company, subsidiary company, associate company, major shareholder or controlling person and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the company, its parent company, subsidiary company, associate company, major shareholder or controlling person unless this relationship has ended at least 2 years
- (6) neither being nor used to be a provider of any professional services that include legal advisor or financial advisor who receives service fees exceeding 2 million baht per year from the company its parent company, subsidiary company, associate company, major shareholder or controlling person and not being a significant shareholder, controlling person or partner of the provider of professional services, unless this relationship has ended not less than 2 years

- (7) not being a director who is appointed to be the representative of directors of the company, major shareholder or shareholder that is related to major shareholder
- (8) not undertaking any business that has the same nature and in competition to the business of the company or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares over 1% of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the company or its subsidiary company
- (9) not having any other characteristics that may interfere with the expression of independent opinions regarding the company's business operations

After being appointed as independent director with the qualifications under (1) to (9), the independent director may be assigned by the Board of Directors to take part in the business decision of the applicant, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person, provided that such decision shall be in the form of collective decision. In the case where the person appointed as independent director has or used to have a business relationship or provide professional services exceeding the value specified under (4) or (6), it shall be granted an exemption from such prohibition only if it has provided the opinion of the Company's board of directors indicating that the appointment of such person does not affect performing of duty and expressing of independent opinions. The following information shall be disclosed in the notice calling the shareholders meeting under the agenda for the appointment of independent directors:

- (a) the business relationship or professional service which make such person's qualifications not in compliance with the prescribed rules;
- (b) the reason and necessity for maintaining or appointing such person as independent director; and
- (c) the opinion of the Board of Directors for proposing the appointment of such person as independent director.

2) Nomination and Appointment of Directors and Senior Management

- Nomination and appointment of director

The Board of Directors assigns the Nomination and Remuneration Committee to determine guideline and policy in respect of the nomination of director and director of sub-committee including criteria in choosing new director by using the board skill matrix to determine qualifications of nominated director to be in line with the Company's business strategies. In addition, the Company's policy is to engage professional search firm or consider information from Director Pool as part of selection process of directors. The Company will concentrate with persons who have knowledge, ability experience in various areas (Board Diversity) such as professional skills, expertise, gender, good working background, leadership, vision and moral and ethics, including good attitudes to organization, time to be devoted for benefits of the Company's business. By having transparent process to build the shareholders' confidence, whereby it shall be considered by consideration of the Nomination and Remuneration Committee to subsequently propose to the Board of Directors and shareholders for approval.

However, pursuant to the Company's Articles of Association, it requires that the Board of Directors shall consist of not less than 5 directors and upon the retirement by rotation, the nomination of director shall be approved by shareholders' meeting whereby such shareholders' meeting shall nominate director in accordance with the following guidelines and methods:

- (1) each shareholder has 1 vote for each share
- (2) each shareholder may exercise his/her votes pursuant to item (1) above to appoint 1 or more persons to be directors provided that the vote cannot be divided.
- (3) the person who obtains the highest votes will be appointed as a director in respective order according to the required number of directors, but if two (2) or more persons obtain equal votes, the Chairman must exercise a casting vote

If there is any vacancy among directors other than a retirement by rotation, the Board of Directors may at its next meeting elect a person who is qualified and is not subject to any restriction imposed by the public company law to fill the vacancy, except where the remaining term of the vacant director is less than two (2) months. The term of a new director replacing a vacant director will equal to the remaining term of that vacant director.

The resolution of the Board of Directors as specified in the first paragraph must be passed by three-quarters (3/4) or more of the votes cast by the remaining directors.

- Nomination and remuneration of senior management

The Board of Directors determines guideline and policy to nominate and appoint senior management of the Company to comply with authorization level procedure and the Company's operation whereby such procedure shall be considered and approved by the Board of Directors.

3) Remuneration of Director, Sub-committee and Senior Management

- Remuneration of director and sub-committee

The Board of Directors assigns the Nomination and Remuneration to determine the remuneration of director and sub-committee as follows:

- (1) to determine guideline and policy to determine remuneration of the Board of Directors and sub-committee and subsequently propose the Board of Directors and shareholders for approval, as the case may be, of which it shall be considered and approved by taking into account with duties, responsibilities and compare with company in similar business and benefit to be received from director. However, it shall consider whether the remuneration is at appropriate and sufficient to attract and maintain qualified director.
- (2) to propose guideline and policy in respect of the determination of remuneration of director and sub-committee in each position whether in cash or non-cash for each year to the Board of Directors for consideration and to subsequently propose shareholders for approval

The structure of remuneration of Directors and sub-committee for the year 2018 is as follows:

The Board of Directors / sub-committee	Monthly Remuneration (Baht)	Meeting Fee (Baht)
<u>Board of Directors</u>		
• Chairman	35,000	5,000
• Independent Director and Director	20,000	5,000
<u>Audit Committee</u>		
• Chairman of Audit Committee	25,000	5,000
• Independent Director	15,000	5,000
<u>The Nomination and Remuneration Committee</u>		
• Chairman of the Nomination and Remuneration Committee	15,000	5,000
• Independent Director and Director	10,000	5,000
<u>The Risk Management Committee</u>		
• Chairman of the Risk Management Committee	-	10,000
• Independent Director and Director	-	5,000
<u>Corporate Governance Committee</u>		
• Chairman of Corporate Governance Committee	-	10,000
• Independent Director	-	5,000

- Remuneration of Senior Management

The remuneration of senior management shall be in accordance with guideline and policy as determined by the Board of Directors which is linked to the Company's short-term such as ability to generate profit and long-term such as ability to complete the financial objective and goal and revenue growth target whereby the Nomination and Remuneration Committee shall consider and propose appropriate remuneration to the Board of Directors for consideration and approval.

8.4 Governance of the Company and its subsidiary's operation

The Company has mechanism to govern the management and responsibility of subsidiary and associated company's operation to protect the Company's benefit in investment as follows:

- 1) to assign person as the Company's representative to be director, management or controlling person in subsidiary and associated company in accordance with shareholding ratio by nominating name and casting the vote to appoint person to be director of subsidiary and associated company. The Company will nominate list of candidates to the Board of Directors for approval whereby a person, who is appointed to be director of subsidiary and associated company shall be responsible for operation for the best benefit of such subsidiary and associated company and such person shall obtain the Board of Directors' approval before casting the vote in matter of which it shall be approved by the Company's Board of Directors. To nominate director as the representative in subsidiary and associated company shall be in line with the Company's shareholding ratio.
- 2) to determine the convening of senior management meeting every month to determine policy, strategy, guideline and follow up it in accordance with guideline in respect of determined strategy and the report on operating result, problem, barrier in order for the management to participate in the determination of the Company's significant policy in respect of business operation.
- 3) the Board of Directors to determine rule in respect of authorization level and business operation in connection with authorization level for governing subsidiary such as management, budget, investment, approval and approval of related party transaction
- 4) to assign internal audit unit to audit operation of subsidiary on continuous basis.
- 5) to control operation, expense, credit limit of disbursement, and to determine authorized person of disbursement which shall jointly sign to verify transaction , supporting documents and authorized person to approve transaction
- 6) to determine subsidiary and associated company to prepare annual report of which it shall be reviewed and updated budget to control business plan on continuous basis.
- 7) to monitor subsidiary and associated company to comply with relevant rules and regulations if compliance unit such as related party transaction, acquisition and disposition of asset, information disclosure that is sufficient and up-to-date including to monitor it to prepare accounting and financial report with accuracy and appropriate in accordance with relevant laws and general accounting standard

In 2015, The Company has expanded its entertainment business to include provision of creative agency and media and marketing communication management services under the name "Index" through acquisition of 86 million shares or 50% of issued and paid-up capital of Index Creative Village Public Company Limited. The Company has entered into shareholder agreement with the existing shareholders in respect of management of such company.

8.5 Confidentiality and Inside Information

The Company pays special attention on the usage of Company's inside information whereby it shall comply with relevant rules and regulations. The Company determines policy on the usage of confidential information and inside information in Code of Conduct of which the Company determines director, management, operation unit, employee and related parties to emphasize with keeping confidential information in confidence and using of inside information such as inside information which is not disclosed to public domain or data that may impact the business operation or information that may impact the Company's securities price in as follows:

- 1) director, management and employee shall not use the Company inside information to take any personal interest and competing with the Company's business or related business.
- 2) director, management, employee and related person need to comply with the guideline of the Securities and Exchange Act B.E. 2535 (as amended) such as a careful usage of inside information which may impact the Company's securities price.
- 3) director, management, operation unit and employee shall not disclose any trade secret information to third party, especially the Company's competitor of which this restriction shall be applied to such director, management or employee after his or her retirement period.
- 4) Determine that the information shall be given only to the direct officer, for computer system section, private information and information which may affect the operation of the Company shall only be accessed by selected person through a private log in.

If the Company found that there is a use of internal information for personal and related person interest, the Company will take severe disciplinary action by dismissing such person.

In 2018, the Company found no report of directors and executives trading securities of the Company by the use of internal information.

8.6 Remuneration for Auditor

The Company and its subsidiaries have paid audit fees to PricewaterhouseCoopers ABAS Ltd. and AC Audit & Consult Ltd. for the period between 1 January 2018 to 31 December 2018 as follows:

1) Audit Fees

	Company Names	Auditors	Audit Fee (Baht)
1.	WAVE Entertainment PCL.	Ms. Sakhunna Yamsakul	590,000
2.	WAVE TV Co., Ltd.	Ms. Sakhunna Yamsakul	375,000
3.	WAVE Pictures Co., Ltd.	Ms. Sakhunna Yamsakul	20,000
4.	WAVE Food Group Co., Ltd.	Ms. Sakhunna Yamsakul	10,000
5.	WAVE Education Group Co., Ltd.	Ms. Sakhunna Yamsakul	10,000
6.	Wall Street English (Thailand) Co., Ltd.	Ms. Sakhunna Yamsakul	830,000
7.	Jeffer Restaurant Co., Ltd	Ms. Sakhunna Yamsakul	1,495,000
Sub-Total			3,330,000
8.	Index Creative Village Plc.Group Companies	Ms. Sakhunna Yamsakul and Mr. Kristsana Attsawachopanya	3,335,000
Total			6,665,000

2) Non-audit fee

In 2018, the Company did not pay any non-audit fee to the audit firm of which the auditor is registered.

8.7 Compliance to Policies of Good Corporate Governance in Other Affairs

1) Board of Directors' Meetings

The essential duty of the Company's Board of Director is to attend the directors' meeting regularly to acknowledge and jointly making decision in business operation of the Company, the policy and practical guidelines of the directors' meeting are as follows:

(1) Number and agenda of the meeting

The meeting shall be held at least every 3 month period (4 times annually), agenda of the meeting will be clearly designated prior to each meeting where extraordinary meeting may be convene to consider emergency issue.

The designation on the directors' meeting is designated as the agenda in the last meeting of the year to prior determine on the adequate date and time, so the director can make an arrangement at the early year.

(2) Quorum and meeting

In the directors' meeting, not less than half of all directors shall present to constitute the quorum.

In the directors' meeting of the Company, the chairman director shall act as the chairman of the meeting and encourage the directors to suggest their opinion freely. The resolution in the directors' meeting shall be decided by majority vote which each director is entitled to one vote, where the director who has conflict of interest shall not attend the meeting and/or not entitled to vote in such agenda, in case of tie vote, chairman of the meeting shall be entitled to another vote as a casting vote. Each meeting shall take approximately 2-3 hours, which is sufficient for the management to propose agendas, and for the directors to discuss material affairs with due care.

The Board of Director can directly request additional information from the CEO, or company secretary, and may invite CEO and other related persons in each affairs for the investigation, or giving facts to the meeting.

(3) Agendas of the meeting

The Chairman of the Board of Directors and Executive Committee shall jointly designate the agendas, which each director may propose other affairs as agenda of the meeting.

(4) Delivery of notice of the meeting

In each meeting, the Company shall deliver supportive documents 5 business days prior to the meeting date, to provide sufficient time for the directors to study the affairs before the meeting.

(5) Minutes of meeting

At the end of the meeting, the company secretary shall prepare minutes of the meeting and introduce to the chairman of the Board of Director to certify correct, and introduce for approval in the first agenda of the next meeting. The director may suggest, amend, or add to correct the minutes of meeting.

The certified minutes of meeting shall be kept in hard copy along with the supportive documents of each agenda, which is prioritized as most confidential document and kept at the Corporate Finance which is the company secretary's office for ease reference.

(6) Non-executive directors' meeting

Non-executive directors may convene a meeting as they see necessary, to discuss affairs regarding management without the executive attending the meeting.

On 28 February 2018, the Audit Committee attended a meeting with the external auditor PricewaterhouseCoopers ABAS Ltd. without presence of the management.

List of directors attending meetings of the Board of Directors and sub-committees in 2018:

(Unit: no. of times)

Name of Director	Board of Directors (10 persons) total of 7 times/year	Audit Committee (3 persons) total of 4 times/year	Nomination and Remuneration Committee (4 persons) total of 1 times/year	Risk Management Committee (3 persons) total of 2 times/year	Corporate Governance Committee (3 persons) total of 1 times/year	Annual General Meeting 2018 Date 30 April 2018
1. Mr. Matthew Kichodhan ¹	5/7		-N/A-			1
2. Mr. Prasert Patradhilok	6/7	4/4				1
3. Mr. Somsak Phayapdacharchai	7/7	4/4			1/1	1
4. M. L. Nalinee Hastintra	7/7	4/4	1/1			1
5. Mr. Chairpranin Visudhipol ²	5/7		1/1		1/1	1
6. Mr. Philipp O. Piaz	6/7			2/2	1/1	1
7. Dr. Cathleen Maleenont	7/7			2/2		0
8. Ms. Piyawadee Maleenont	6/7					1
9. Mr. Tee Seeumpornroj	3/7		0/1	0/2		0
10. Ms. Tracy Ann Maleenont	6/7					1
<u>Directors resigned in 2018</u>						
1. Ms. Manida Zimmerman ³	0/1		-N/A-			-N/A-

Remark:

1. Appointed as member of the Nomination and Remuneration Committee on 14 March 2018.
2. Appointed as Chairman of the Nomination and Remuneration Committee on 1 March 2018.
3. Resigned from the position of director and Chairman of the Nomination and Remuneration Committee on 22 February 2018.

2) Code of Conduct

In operating its business, the Company does not only focus on achieving the designated business goals, but also to forms and methods of operation that lead to business goal achievement. The Company adheres to ethical principles, including fairness and morality as principles of its conducts and connects with all stakeholders. The Board of Directors expect that the directors, executives, and every employees of the Company to acknowledge, commit and adopt such principles into their performance of duties, to maintain good reputation of the Company and pride of the employees, which leads the Company to become a good corporate governance organization which will create confidence to shareholders, investor, and every stakeholders.

The Board of Directors has considered and approved the latest issue of “Code of Conduct”, which is published on the Company’s website. The Code of Conduct covers the following issues:

(1) Code of conduct

- Honesty
- Keeping one’s words and trustful
- Maintain professional
- Sympathy
- Compliance with the laws, regulation, and articles of association
- Leadership
- Responsibility
- Conflict of interest policy
- Company’s asset protection policy
- Intellectual Property ethics
- Non-violation on human right policy
- Financial Statement Preparation and Information Record and Internal Control of Accounting and Financial of the Company Policy
- Ethic
- Royalty
- Fairness
- Respectful
- Excellent performance
- Reputation and pride
- Human resources
- Privacy data and internal information usage policy
- Policy regarding give and take present and consideration
- Anti-Bribery and Corruption policy
- Health and Safety Environment Policy,

(2) Operational guidelines

- Operational guideline for the Board of Directors, executives, company secretary, and employee.
- Policy and operational guidelines to each stakeholder which are shareholders, customers, consumer, employee, trading partner and/or debtor, trading competitors, and society.

The Company has communicated with the Board of Directors, executives, and employees for acknowledgement of the content by preparing Code of Conduct in booklet and distributed to all stakeholders to be used as guideline on performance of duties with honesty and fairness. Including employees and executives shall sign for acknowledgement and agree to annual self-assessment in respect of compliance with code of conduct.

The Board of Directors, executives, and employees must strictly adhere to the Code of Conduct. Any omission or violation shall be subject to procedures and penalties as set out in the Company’s work rules and, if such act is considered illegal, subject to penalty under the laws.

3) **Anti-Bribery and Corruption Policy**

The Board of Directors is determined for the Company to operate honestly, with transparency, and in pursuant to the principles of good corporate governance and implements anti-corruption policy to combat the threat of corruption which obstructs free and fair competition and damage economic and social development. In 2018, the Company is in the process of joining the private sector's Collective Action Coalition Against Corruption (CAC).

The Board of Directors has considered and approved the latest issue of "Anti-Bribery and Corruption Policy", which is disclosed on the Company's website, and outlined the rules and principles of preventing the Company, the Company's employee and all other persons that are associated with the Company (including third persons) from violating the anti-corruption laws. It also outlined below how to check, manage and monitoring of compliance with Anti-Bribery and Corruption Policy to ensure that the policy is being followed. The policy and guideline can be summarized as follows:

1. Directors, executive, and employee at every level must comply with the anti-bribery and corruption policy, and must not involve in any corruption matter whether directly or indirectly.
2. Executives and employee must not ignore when witness any corruption which relate to the Company, and shall report to the supervisor, or responsible person, or report to any designated channel such as email: hotline@wave-groups.com, and cooperate in fact investigation. Any query should be directed to supervisor or designated person who responsible for monitoring compliance with the Code of Conduct.
3. Audit Committee has duty in monitoring on anti-bribery and corruption policy to ensure that the Company has operate and comply with the law and designated ethics, while Internal Audit has duty and responsibility in monitoring that the operation is proceeded in accordance with the policy, guidelines, authorization, regulation, laws and rules of monitoring organization to ensure that the control system is adequate and sufficient for potential risk that may occur.
4. The Company's management has organized self-assessment (CSA: Control Self-Assessment) which covers risks that may arise from dishonesty or corruption on a regular basis and reconsider and update risk management measures to appropriately prevent risks to be at acceptable level.
5. The Company will protect those who notifies act of corruption in relation to the Company, in accordance with the Whistleblower Procedures of the Company.
6. A person who involved in act of corruption is considered violating the Code of Conduct of the Company, and therefore, subject to disciplinary action under articles of operation of the Company, and may subject to penalty if such act is considered illegal.

7. The Company realizes the significance of knowledge and understanding distribution to persons whose work related to the Company, or may affect the Company in matter that must comply with this anti-bribery and corruption policy. The Company has seminar and knowledge sharing program both inside and outside the Company to provide knowledge concerning anti-bribery and corruption policy to the employee.
8. To make any transaction with high risk of corruption more transparent, the Company gives advice and guidelines covering topics including political support, charity, subsidy, present, and service fee and other expenses, to the employee every level to operate with carefulness.

4) Whistleblower Procedures

The Board of Directors has considered and approved the latest issue of “Whistleblower Procedures Policy”, which is published on the Company’s website, to encourage directors, executives, and employee to report or complaint any action which potentially may lead to unethical action, violation of laws, financial fraud, action that is illegal or breach the Company’s policy.

The Company proceeds by the steps accordingly to protect those who reports corruption act. Such reporter shall not be intimidated by any unfair retaliation acts.

There were no internal and external complaints regarding material misconduct in 2018.

5) Internal Control and Risk Management

(1) Internal Control

The Board of Directors prioritizes to internal control system, and establish the internal control system that covers financial matter, management, operation efficiency in compliance with the laws, rules, articles of association, and relevant regulations. In addition, the duty and liability, authorization level of officer and executive are also clearly record in written. Asset utilization is monitored, the duty of officer and evaluator are clearly separated for reasonably check and balance purpose. Furthermore, the Company also establishes policies that financial reports must be submitted to the responsible department and sufficiency and appropriateness of its internal control system shall be assessed and report to the Board of Directors at least once a year.

(2) Internal Audit

The Board of Directors establishes internal audit department directed to Audit Committee and CEO, its duty is to monitor internal audit system of each sector, advise on establishment of internal audit system, risk management, corporate governance, and provide suggestion consistently. In order for the Board of Directors to follow the operation of the Company efficiency, and to ensure that main operation and financial activities of the Company and its subsidiaries are conducted effectively and in comply with the designated guidelines, achieve goals and objectives set by the management. Including, to ensure that the Company has complied with the laws, rules, articles of association, and relevant regulations.

For the internal audit department to be independent and able to fully perform check and balance, the Board of Directors, therefore, establish reporting line and supervising line directed to the Audit Committee, to implement audit plan, and propose suggestion to the Audit Committee and CEO consistently and in time.

(3) Risk Management

The Board of Directors prioritize to the procedures of risk management by take all potential risks; whether occur from internal or external factors, that may affect the Company into consideration. In order to minimize the risk to the acceptable level and adequate to the environment of each unit, the Board of Directors also set risk management as part of decision-making procedures, strategic planning, and Company's operation. The Company also encourage executives and employee in every level to participate in such procedures.

The Board of Directors has approved risk management policy as proposed by Risk Management Committee. In this regards, Risk Management Committee shall report significant risk that may affect business plan and strategic of the Company along with the suggestion to the Board of Directors. In addition, risk management policy shall be reviewed on a regular basis, and propose to the Board of Directors for approval.

The risk management policy is also posted on the Company's website and publicly published for the whole organization to acknowledge and realize the significance of risk management, and to be supporting information in decision-making of shareholders, investors, and stakeholders.

6) Financial Statement Preparation and Information Record and Internal Control of Accounting and Financial of the Company Policy

The Company confidents that the financial statement of the Company is accurate, completeness, reliable and in the appropriate timeframe which is a significant part of the Company's reliability including it shall be deemed as the key factor for maintaining the trust and creditworthy of the employees, shareholders and relevant parties of the Company. Therefore, the Company is obliged to record, classify and process all financial transactions with the accuracy and completeness in accordance with the principle and standard of accounting, laws and regulations of regulatory bodies.

The preparation of financial statement with the non-accuracy or incorrectness shall be deemed as breach of the Company's policy. The director, management and employee are not permitted to record or prepare the accounting and financial information or prepare the financial statement with the intention of concealing, concealing or distorting information. In addition, all employees are obliged to maintain, protect and destroy the Company's documents in accordance with the rules and regulation of the Company and laws.

The Company will present financial statements in accordance with financial reporting standards and will be responsible for the internal controls as it deems necessary. To enable the preparation of financial statements without any material misstatement, whether due to fraud or error.

The Company provides internal control in accounting and finance. This will enable the Company to achieve its objectives of making accurate and reliable accounting and financial information. Internal controls should include, for example, approvals, control of the accuracy and completeness of the transaction, property control, account reconciliation, validation with third parties and control of summary and postings to accounts.

To intentionally abuse, threaten, or mislead the auditor, independent auditor and internal auditor in relation to financial reports, internal process or internal control are a violation of the Company policy.

Accounting and finance officers including all senior executives of the Company shall be responsible for overseeing operational process and the accounting and financial control of the Company to be accurate, complete, reliable and timely to provide users financial performance and financial status report of the Company of which it shall publicly disclose and make the user understand correctly.

If employees encounter suspicious accounting and financial reports or find an invalid operation impression or inappropriate including misconduct. The employees shall provide clues or facts via the channels that the company has set out in its policy of reporting offenses and protecting complainants.

7) Relationship with Investors

The Board of Directors realizes that both financial and non-financial information of the Company affect decision-making by the investor and stakeholders, and therefore reiterate the management regarding sufficient information disclosure, accuracy, transparency, trustful, consistency, and timely and unbiased information to the shareholders and every stakeholders. The management of the Company always prioritize and strictly adhere to such principle, by disclose information through various SET and SEC channels, and through the Company's website.

In respect of relationship with investors, the Company has established Corporate Communications & Investor Relations Unit to communicate with institutional investors, shareholders, analysts, including supervisory agencies and relevant government sectors. Investors may contact and request for the Company's information by calling on 02-665-6705, or by email: address:ir@wave-groups.com, or via website: www.wave-groups.com

The Company has continually organized the investor relation activities in order to communicate the information and activities to the shareholders, investors, securities analysts and any person who interested in the Company including provided the responses by telephone, analyst meeting, press conference, opportunity day and press release regarding the investment activities and significant business activities.

9. Corporate Social Responsibility

9.1 Overview of Corporate Social Responsibility Policy

Wave Group recognizes the importance of operating responsibly towards society, internal and external environment of the organization in order to comply with the its CSR vision in operating its business while ensuring the development of social and environmental sustainability. The Board of Directors has set a mission to guide the operation of the Company as follow:

Vision

The Company aims to be the leader in lifestyle & entertainment by focuses on improving its product quality and maintaining a unique identity in its effort to entertain and fulfil the lifestyles of the customers and consumers.

Mission

In order to achieve its goals and objectives in its management, the Company has set out the following missions:

- To constantly improve the products, services and entertainment business to satisfy the constantly changing demands of the customers and consumers.
- To recognize the need to improve the human resources of the Company to be skilled and efficient and ensure creativity and product improvement of the Company.
- To operate the business in accordance with good management principles.
- To further realize the importance of being socially responsible and therefore, support the Thai people to live a better quality life.

9.2 Implementation and preparation of report

Wave Group has disclosed Corporate Social Responsibility report within the annual report in accordance with social responsibility principles set by the Corporate Social Responsibility Institute of the Stock Exchange of Thailand.

Wave Group recognizes the importance of integrating the concept of social responsibility in its management strategy and commits to strengthen the social responsibility management system throughout the organization in order to create a sound corporate culture by routinely observing the principles across the board in business execution. Wave Group also commits to fair treatment of all stakeholders and to operate with best interest for the organization and with dedication, integrity, and transparency, along with making recommendations to improving our corporate governance policy to meet the constantly evolving standard of business management, social needs and international practices as follows.

Fairness in Operation:

Wave Group always operates with good corporate governance and operates with fairness to the parties involved as well as adhere to responsible to all parties for the mutual sustainability benefits.

Anti-corruption:

The Board of Directors is determined for the Company to operate honestly, with transparency and in pursuant to the principles of good corporate governance and implements anticorruption policy to combat the threat of corruption which obstructs free and fair competition and damage economic and social development. In 2018, the Company is in the process of joining the private sector's Collective Action Coalition Against Corruption (CAC).

The Board of Directors has considered and approved the latest issue of "Anti-Bribery and Corruption Policy" which is disclosed on the Company's website, and outlined the rules and principles of preventing the Company, the Company's employee and all other persons that are associated with the Company (including third persons) from violating the anti-corruption law. It also outlined below how to check, manage and monitoring of compliance with Anti-Bribery and Corruption Policy to ensure that the policy is being followed. The policy and guideline can be summarized as follows:

- (1) The directors, executives and all employees must follow the anti-bribery and corruption policy and not to take any action that is associated with all forms of corruption whether direct or indirectly.
- (2) The directors, executives and employees must not neglect nor ignore any action that is associated with corruption in the Company and notify their supervisor or the responsibly person through various channels such as email at hotline@wave-groups.com and also to be cooperative in all procedures of fact verifications. If one has doubts or questions, then one may consult their supervisor, or the person appointed to be responsible for the ethical behavior in the Company.
- (3) The Audit Committee has the duty and responsibility to administrate the anticorruption policy and laws to ensure that the Company is in pursuant of its legal and ethical duty. The internal auditor has the duty and responsibility to check and verify if the duty has been carried out in pursuant of the policy, principles, regulations and laws of the organization that are involved in the procedure to ensure that there is an appropriate system to counter any corruption that may occurred.
- (4) The Company's management has organized self-assessment (CSA: Control Self-Assessment) which covers risks that may arise from dishonesty or corruption on a regular basis and reconsider and update risk management measures to appropriately prevent risks to be at acceptable level.
- (5) The Company shall protect those that refuse or notify any corruption that occurred within the Company as specified in the Company's Whistleblower Procedures.
- (6) Those who have committed an act of corruption are taken as an unethical behavior that must be considered for disciplinary action in pursuant of the Company's regulations and also subjected to punishment by law, if such act is illegal.
- (7) The Company values the important of extending the knowledge and understanding of all persons that are associated with the Company and could affect its anti-bribe and corruption policy. The Company provides training and courses in relation to anti-bribe and corruption policy to all employees.
- (8) For clarity on how to proceed in situations with high risks of corruption, the Company will advise the employees to be cautious in relation to political aid, donations, funds, gifts and other services and expenses.

Respect for Human Rights:

The Board of Directors values and respect the law and human rights by ensuring that its business operations are such laws and human rights in the following policies:

Human Rights

- To recognize the dignity, privacy and rights of each individual that are associated with the Company and to carry out nor to encourage any action that may violate such human rights.

Working Environment

- To encourage the equality in employment and shall not, whether directly or indirectly, discrimination against race, skin color, gender, sex, age, disability, religion, political opinion or other comments.
- To provide for employees' benefits and privileges from the Company.
- To set up a procedure, method and system for employees to make complaint and to receive just solutions.
- In the case of a breach of rules or disciplines, there must be an investigation to consider for punishment.

Fair Treatment to Employee:

The Board of Directors has always values the human recourses of the Company in which the Board has assigned the Human Recourses department to be responsible for the employees in areas of: compensation, fair treatment, employee development, ensure for safe working environment, suitable environment for working, management of employees' benefits in pursuant of the labor law such as health insurance, group insurance or providence fund.

Customers and Consumers Responsibility:

The Board of Directors believes in the fair treatment of customers and consumers and ensure that all commercial conditions are fair by the commercial standard and the Company is determined to distribute its products and services with the following in mind:

- The quality and price of the products and services are in best interest of the customers and consumers;
- The products and services are delivered to the customers and consumers within the specified time;
- To operate in the best interest of the customers and the consumers under the confidentiality policy for, to recommend for products and services and to receive complaints.

Environmental practices:

The Board of Directors is determined to operate within he occupational health and environment standards as follows:

- To follow the laws and regulations in safety in occupational health and environment of the local area of country that is operating in;
- To operate within the health and environmental standard with all employees;
- To support in the education and training of employees in health, safety and environment along with the procedures of the environmental protection under the industrial law; and
- To disclose all factual information in relation to the safety, occupational health and environmental areas of the Company's operations.

In the environment aspect, company always monitors the environment to ensure safety to life and property of staff, customers and visitors and inspects the protection system by planning and training of fire protection to employees annually. There is a campaign to use paper efficiently, using both sides of paper in the office, to use E-mail method in order to reduce paper use, to turn off light during lunch time, to set temperature of the air-con at 25 degrees Celsius and to switch to use LED lights in the office etc. And Company will monitor and evaluate the implementation annually.

In 2018, the Company has no incidents of accident or any employee taking significant leaves or sick leaves as a result of working. Nevertheless, Wave Group has purchased accident insurance, life insurance and other types of insurance relating to work for the employees.

Community and Social Development:

The Board of Directors realizes the importance of its responsibility to the community and society and the products and services of the Company are all things that the customers and consumers may use without any negative effects to the society. The television programmes produced are non-violent and does not require judgment to watch. Such programmes are entertaining but embedded with moral values and the Company has sent its artists as ambassadors to charities without compensation. The Company also supports the activities of the community and mindful of the all the effects that our operation could have on the community than specified by the law.

The Board of Directors wishes to continue to operate in the way that is beneficial to the economy and society, values the importance of local tradition and culture and as a law-abiding citizen. We are determined to continue lifting the standard of the society through our operation and cooperation with the state and community.

9.3 Business operation that has impact on Social Responsibility

None

9.4 Activities to benefit society and the environment

The Company joins the donation to the Social Foundation in various occasions. And within the Company has often organized environmental activities such as sorting rubbish, worthwhile use of paper, using electronic mail (e-mail) to reduce the use of paper and energy saving campaigns.

In 2018, Wave Group's executives and employees participated in the following activities for the benefits of society and environment.

Duang Prateep Foundation

On 19 June 2018, the management and employees of Wave Group donated unused goods or used goods in good condition, including 1,000 blue t-shirts imprinted the celebrations on the occasion of Her Majesty Queen Sirikit's 72 birthday anniversary emblem, 31 hats, 21 seat cushions, 14 small water bottles, and 3 ice boxes to Duang Prateep Foundation so that the foundation may use them in its projects or activities.



Activity "Wall Street English – Big Box Big Boon" in Chiang Mai

To mark the celebration of its 15th anniversary on 15 November 2018, Wall Street English Thailand organized an activity called "Wall Street English – Big Box Big Boon", which is a volunteer camp established to teach English language to students in rural area of Chiang Mai.

The activity was led by Mr. Olarn Phirintharangkoon, Chief Executive Officer of Wall Street English (Thailand) Co., Ltd. and his team, together with students from Wall Street English, Central Festival Chiangmai and Maya. English language learning books, learning tools, teaching media, and sports equipment donated by Wall Street English's students were given to students of Chao Por Luang Uppatham 1 School, Baan Mong Doi Pui so that the students can enjoy learning English through various media other than textbooks.

The event was divided into morning and afternoon session. In the morning session after Professor Varin Jaitong, Director of Chao Por Luang Uppatham 1 School, Baan Mong Doi Pui expressing warm welcome to Wave Group, Mr. Olarn Phirintharangkoon, Chief Executive Officer of Wall Street English, informed participants objectives of the activity. The activity is in line with Wall Street English Thailand's intention to giving back to society in various forms through corporate social responsibility activities along with conducting its business.

After the welcome ceremony, Wall Street English's team and students invited the students to divide into teams in order to play English vocabulary game with pictures. The game was fun and entertaining and Wall Street English's team led the game. Following the end of the game, Wall Street English's team gave awards to every team and stationery to all students participated in the activity. After the activity, Wall Street English's team and students had lunch with the students and walked around the school to observe teaching and learning activities at the school.

Prior to the end of the activity, Professor Varin, Director of the school, summarized that the students had received various benefits from the event organized by Wall Street English. The students had met new teachers and new experience from the activity. It provided an opportunity for the students to use existing knowledge in answering English language quiz. The students had fun and it was an experience to remember. The students had the chance to see value, and had good perceptions towards learning, of English language which is very important to the students' daily life since they meet tourists every day.



Activity “Wall Street English Scholarships”

The afternoon session on 15 November 2018 involved the management and working team of Wall Street English (Thailand) Co., Ltd. attending Wall Street English, Central Festival Chiangmai to give out 9 scholarships to special students from Chiangmai University in the aggregate amount of Baht 1,017,000 for studying English language at Wall Street English for a period of 1 year. This is in line with Wall Street English Thailand's main policy to promote learning of English language by students in order to increase skills and open up to new opportunities.



Pakkret Home for Boys

On 17 November 2018, working team from Wall Street English (Thailand) Co., Ltd. and Wall Street English's students donated necessary items and offered lunch to children at Pakkret Home for Boys.



Rachawadee Home for Persons with Disabilities Protection and Development (for Boys), Nonthaburi Province

On 18 November 2018, working team from Wall Street English (Thailand) Co., Ltd. and Wall Street English's students donated necessary items and offered lunch to children at Rachawadee Home for Persons with Disabilities Protection and Development (for Boys), Nonthaburi Province.



Youth Development and Human Resources Development

Index Creative Village Public Company Limited is entering its 28th anniversary as event agency, which is a core business of the company. The company's long-term objective is to share knowledge and experience in event, marketing and creative marketing to youth and new generation, including providing them with an opportunity to learn such experience in real situations.

In 2018, the company has put great emphasis on development of youth and human resources as such activities are considered contribution to the development of society. Also, the company contributes to the development of event agency industry. These activities are part of corporate social responsibility activities (CSR). Set out below are summary on youth and human resources development activities by the company.

- (1) The company provided an opportunity to students and the public to visit the company in order to share ideas and creativity and apply such ideas to their studies or jobs.
- (2) The company provided an internship opportunity to university students in order to increase their skills and learn about knowledge on event, marketing and creative marketing for various professions. The students may develop on such skills and knowledge in the future.
- (3) The company's representative acted as special lecturer to develop human resources of the company and other organizations.



10. Internal Control and Risks Management

10.1 Controlling System and Internal Audit

The Company's Board of Directors prioritize the internal control system in both management and operation levels, therefore, any duty, authorization power, and operation of officers and executives have been clearly determined in written, there is asset utilization management, the duties of officer, supervisors and evaluation are separated for an appropriate check and balance purpose.

Such internal audit shall be monitored by the Internal Audit Department, which has its duty in monitor to ensure that main operation and material financial activities of the Company have been efficiency proceed in accordance with the guidelines, laws and relevant regulations including, the appointment of Audit Committee to monitor and review the internal control system of the Company, and also hiring external auditors which are PricewaterhouseCoopers ABAS Ltd.

The operation of Internal Audit Department begins with the determination on Yearly Audit Plan, which the internal audit program will be introduced and informed to the relevant units, follow by the Preliminary Survey, determination of Audit Program and audit performance, respectively. When the audit is completed, the Internal Audit Department will prepare report with its suggestions to introduce to the executives and Audit Committee for acknowledgement. At the later stage, the monitor program will be conducted and the material documents will be kept as evidences. Internal Audit Department will evaluate internal audit system consistently through the year, which will rotate to each department in accordance with the Yearly Audit Plan.

In addition, for the Internal Audit Department to be independent and perform check and balance to its fully capacity, the Board of Directors, therefore, determine the internal audit department directly report to the Audit Committee, and appointment, rotate, and termination of the Head of Internal Audit of the Company must be approved (or obtain consent) from the Audit Committee.

10.2 Assessment of Internal Control System

Pursuant to the Company's Board of Directors meeting No. 1/2019 held on February 28, 2019, which the Audit Committee also attend, the Board of Directors had considered the sufficiency of internal control system in accordance with the guidelines of SET, and has the same opinion as the Audit Committee that the Company and its subsidiaries already had sufficient and appropriate internal control and audit systems which can effectively protect the Company's and its subsidiaries' assets against being utilized improperly or without authorization by management. Details are as follows:

1) Organizational and environmental

The Company's Board of Directors has established clearly and measurable objectives with business goals and budgets for each units to achieve. The organizational structure has been formed with appropriate designations of segregation of responsibilities, proper policy on good corporate governance, business ethics for all directors, executives and employees to follow strictly as guidelines and stipulations by prohibiting directors, executives and employees from behaving in ways that may occur conflicts of interest against the Company benefit. Policies and procedures have also been literacy laid down in aspects of financial transactions, procurements and general administrative management to ensure unbiased treatments for all trade partners, which should take into account with the Company's benefit in long term.

2) Risk Management

The Company's Board of Directors determine t risk management policy which shall be governed by the Risk Management Committee to monitor the risk of the Company within the to be in line with the goal and in the acceptable level. The management team of the Company shall attend the meeting to jointly consider on Strategic Risk, Financial Risk, Operational Risk, and Compliance Risk. There should also have evaluation on risk factors which may affect the business and goals of the Company, analysis to which circumstances are the cause of risk, planning and determine risk management policy, monitoring on risk management of each units in the organization which shall be in accordance with the Company's strategy.

The Risk Management Committee will report to the Company's Board of Directors regarding the risks which may affect to the business plan and strategy of the Company and its management policy, including reconsider on risk management policy on the regular basis and introduce to the Company's Board of Directors for approval. In addition, the Company also disclose its risk management policy on the Company's website for everyone in the organization to acknowledge and realize the importance of risk management, and as information supporting decision making of shareholders, public investors, and stakeholders.

3) Control of the Management's Operations

The Company's Board of Directors has ensured that the guidelines set by the Management are strictly adhered to and followed by everyone in the Company, by appropriately designating authority and approval levels for different types of transactions. Different duties have also been properly separated to avert possible irregularities, while transparent procedures have been established for business transactions with major shareholders, directors, executives or persons related to them in order to prevent improper benefit-sharing. In addition, measures have been worked out to monitor the Company's operations to be in line with all relevant laws.

4) Information and Communication Technology Systems

The Company has an effective management information system with high-quality and sufficient information conducive to efficient decision-making, be it financial or other types of data. The communication of such information to all parties concerned is of the utmost necessity and goes a long way in helping boost the efficiency and effectiveness of the internal control system. All documents and relevant details required for meetings are sent to the Board of Directors for advance consideration and to assist the directors in their decision-making. Documents have been stored in properly classified sections, while the Management's accounting operations are always monitored closely to ensure that these are in accordance with generally accepted accounting principles and appropriate for the nature of the Company's business, avoiding improper accounting policies that could result in incorrect operating result.

5) Monitoring System

The Company's Board of Directors has a regular monitoring system to ensure that all goals are achieved. The system continues incessantly and undergoes improvements and alterations at all times to suit changing situations and to effect timely solutions for all possible problems. Frequent comparisons of goals and operations of management team, and in case that the result is different from the set goals, the Company solve the problems in a timely manner, and provide internal audit system to act as a vital independent mechanism to perform compliance audit of the internal control system.

In auditing the Company's financial statement by the licensed auditor which audited the Company's internal financial system to determine investigation policy, timeline, and scope of the operation, the auditor founded that in 2018, there is no material issue to suggest the Company to improve its internal audit system.

10.3 Head of Internal Audit and Head of Compliance of the Company

Head of Internal Audit

According to the Company's Board of Directors meeting No. 4/2012 held on August 1, 2012, Mr. Parinya Sutthiyong; Manager of Internal Audit Department and Assistant of Secretary of the Audit Committee, was appointed as the Head of Internal Audit of the Company from August 1, 2012, as he is experienced in internal audit operation of the Company's business and understanding in activities and operation of the Company, which the Company views that he is suitable and capable to hold such position.

The consideration and approval in appointment, rotate, and termination of the Head of Internal Audit of the Company must be approved (or obtain consent) from the Audit Committee, the qualification of the Head of Internal Audit is detailed in the Attachment No. 3, Annual Registration Statement (Form 56-1).

Head of Compliance

The Company assigns Ms. Anchalee Puttapatimok as Head of Compliance to govern and monitor compliance by the Company with regulations of supervisory agencies of the Company's business. The qualifications of the Company's Heads of Compliance are set out in Attachment 3 of the annual registration statement (Form 56-1).

11. Connected Transactions

Transactions with persons who may have conflict of interests and connected transactions

WAVE Group's connected transaction policy for transactions between the Company or its subsidiaries and any person with potential conflict of interest (both present and future conflicts) is to conduct such transactions with normal business terms. The connected transactions were made with fairness, at the market price, and in accordance with the fair and at arms' length principle of the Company and comply with the SET's regulations. The Board of Directors has always approved transactions potentially leading to connected transactions and conflict of interest with due care where the utmost benefit of the Company is prioritized.

The connected transactions between the Company or its subsidiaries and persons with potential conflict of interest are disclosed in the notes to the financial statements no. 32 and the Annual Disclosure Report (Form 56-1) having details as follows:

Purchases of goods and services

Company	Relationship	Related transactions	For the year ended 31 December 2018
Cost of rendering of services in the total amount of Baht 5.63 million			
Index Creative Village Public Company Limited and Happio Co., Ltd.	Happio Co., Ltd. is an associated company (shareholding of 33%) of Index Creative Village Public Company Limited	Cost of organizing events	Baht 5.63 million
Selling and administrative expenses in the total amount of 7.56 million			
WAVE Group and Millionaire Property Fund by Maleenont Tower Co., Ltd.	Millionaire Property Fund by Maleenont Tower Co., Ltd. has same major shareholders as the Company	Rental, service expenses, water and electricity expenses, and other expenses	Baht 6.34 million
Wall Street English (Thailand) Co., Ltd. and BEC-TERO Entertainment Public Company Limited	BEC-TERO Entertainment Public Company Limited, a subsidiary (shareholding of 59.99%) of BEC World Public Company Limited, the Company's majority shareholders.	Advertising expenses	Baht 1.22 million

12. Financial Statements

Statement of the Board of Directors' Responsibilities for the Financial Reporting

The Board of Directors of WAVE Entertainment Pcl. has managed to prepare consolidated and separate financial statements to present the financial positions and operational results of the Company and its subsidiaries, as well as financial information contained in the Company's Annual Report of 2018, which are true and reasonable in accordance with all relevant regulations and legislations.

Directors have their accountability and responsibility on behalf of directors of listed companies for governance and ensuring that the Company's financial reporting present fairly, accuracy, completely, transparency and sufficiency for maintaining the Company's assets and for determining the weak points and material issues. There will also be sufficient disclosures of significant information in notes to financial statements, complied with proper and consistency accounting policies, as well as reasonable and prudent judgment and estimation in accordance with generally accepted accounting standards.

In order for the governance of financial reporting to be efficient, the Company's Board of Directors have set up the Audit Committee, with three independent directors who do not hold any positions on the Executive Board, responsible for supervising the quality of financial reporting and the internal control systems. The supervision of compliance with the internal control system is the duty of the Internal Audit Office which reports directly to the Audit Committee whose opinions on the afore-mentioned matters are detailed in the Company's Annual Report.

The Company's Board of Directors' opinion, the consolidated financial statements and the separate financial statements of WAVE Entertainment Pcl. and its subsidiaries and of WAVE Entertainment Pcl., which the Audit Committee has reviewed jointly with the Company's executives and external auditors, PricewaterhouseCoopers ABAS Ltd., present fairly in all material respects and operational results in accordance with generally accepted accounting standards, proper and consistency accounting policies, sufficient information disclosures and compliance with relevant legislations and regulations, along with prudent and cautious considerations.



Mr. Matthew Kichodhan
Chairman
On behalf of the Board of Directors

12.1 Auditor's Report

To the shareholders and the Board of Directors of Wave Entertainment Public Company Limited

My opinion

In my opinion, the consolidated financial statements of Wave Entertainment Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2018, and the consolidated and separate financial performance and the consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2018;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the key audit matter
<p>Goodwill impairment assessment</p> <p>Refer to note 4.1 and note 15 to the consolidated financial statements for the related disclosures, the Group's goodwill is recognised in three Cash Generating Units (CGUs): "Language institute (Baht 390 million)", "Restaurant (Baht 409 million), and "Marketing activities" (Baht 125 million), representing 11%, 12%, and 3% of total assets of the consolidated financial statements, respectively.</p> <p>Management is required to test goodwill for impairment at least annually irrespective of whether there is any indication of impairment under Thai Accounting Standard 36, Impairment of assets . Management assessed the value-in-use (VIU) of goodwill and concluded that the carrying amount of goodwill after allowance for impairment provided, is adequate.</p> <p>I focused on this area due to the size of the goodwill balance, and because the management's assessment of the value in use of the Group's CGUs involves judgments about the future results of the business and the discount rates applied to future cashflow forecasts. Small subjective change in discount rate can have a material impact on the VIU assessment and any resultant impairment charge.</p>	<p>I evaluated management's cashflow forecasts of each CGU and the process by which they were developed, including verifying the mathematical accuracy of the underlying calculations. I also compared them to the latest Board approved budgets. I found that the budgets used in the value in use calculations were consistent with the Board approved budgets, and that the key assumptions were oversight by the Directors.</p> <p>I compared the current year (2018) actual results with the prior year (2017) forecast to consider whether forecast included any assumption that, with hindsight, had been optimistic. I found that actual performance was consistent with forecast performance.</p> <p>I also total these significant assumptions.</p> <ol style="list-style-type: none"> 1. management's key assumptions for long-term growth rates in the forecasts by comparing them to historical results and economic and industry forecasts; and 2. the discount rate used in the model by assessing the cost of capital of the Group by comparing to the market data of the same industry. <p>I found that the key assumptions used by management in relation to the value in use calculations were reasonable and appropriate in light of current environment.</p>
<p>Provision for loan to subsidiaries</p> <p>Refer to note 32.4 to the separate financial statements for the related disclosures on loan to subsidiaries.</p> <p>The Company granted loans to two subsidiaries, which are holding companies of a company under language institute segment, and a company under restaurant segment amounting to Baht 410 million, and Baht 500 million, representing 23%, and 27% of total assets of the separate financial statements, respectively.</p> <p>Management assessed the collectability of these loans to subsidiaries based on the future cashflow forecasts of the relevant segments and concluded that the loan balances will be fully collectible. Accordingly, no provision for loan to subsidiaries was provided.</p> <p>I focused on this area due to the size of the balances and various assumptions used to assess the provision to be provided which involve significant management's judgments. The assumptions include long-term growth rates and discount rate etc.</p>	<p>Since the management assessed the collectability of these loans to subsidiaries based on the future cashflow forecasts of language institute segment, and restaurant segment, I evaluated management's cashflow forecasts by performing the following procedures:</p> <ul style="list-style-type: none"> • Comparing the cashflow forecasts to the latest Board approved budgets. I found that the budgets used in the value in use calculations were consistent with the Board approved budgets, • Comparing the current year (2018) actual results with the prior year (2017) forecast to consider whether forecast included any assumption that, with hindsight, had been optimistic. • Evaluating the key assumptions, which are long-term growth rates, and discount rate used in the calculation of the value in use by comparing the growth rates to historical results and economic and industry forecasts, and by assessing discount rate by comparing the cost of capital to the market data of the same industry <p>Based on our procedures performed above on the future cashflow forecasts, I found that the management's assessment in relation to the provision for loan to subsidiaries was supported by the available evidence.</p>

Other information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.



Sakuna Yamsakul
Certified Public Accountant (Thailand) No. 4906
Bangkok
27 February 2019

Wave Entertainment Public Company Limited
Statements of Financial Position
As at 31 December 2018

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	7	179,174,164	203,678,455	163,334	15,848,482
Short-term investments	8	5,712,307	21,539,476	2,712,307	3,539,476
Trade and other receivables	9	378,568,332	367,622,632	181,007,807	88,323,696
Short-term loans to related parties	32.4	-	2,750,000	992,952,900	840,452,900
Inventories	10	27,138,532	30,718,179	-	-
Television programmes, concerts production, and events in progress		24,506,095	10,491,682	-	-
Other current assets	11	62,056,707	83,565,136	6,261,457	6,078,104
Non-current assets classified as held-for-sale	12	3,900,000	5,350,000	-	-
Total current assets		681,056,137	725,715,560	1,183,097,805	954,242,658
Non-current assets					
Deposit at bank used as collateral		1,250,000	1,722,975	-	-
Investments in subsidiaries	13.3	-	-	387,000,000	430,000,000
Investments in associates	13.1	478,922,684	463,179,161	213,671,955	213,671,955
Interests in joint ventures	13.2	760,812	18,106,042	-	-
Property, plants and equipment	14	705,446,998	614,562,301	8,448,678	5,663,708
Goodwill	15	923,167,963	923,167,963	-	-
Intangible asset	16	242,438,284	243,595,328	-	-
Deferred tax assets	17	55,882,513	30,418,311	27,129,999	-
Other non-current assets	18	182,214,918	185,664,474	1,289,184	1,289,184
Total non-current assets		2,590,084,172	2,480,416,555	637,539,816	650,624,847
Total assets		3,271,140,309	3,206,132,115	1,820,637,621	1,604,867,505

The notes to the consolidated and separate financial statements form an integral part of these financial statements.

Wave Entertainment Public Company Limited
Statements of Financial Position (Cont'd)
As at 31 December 2018

	Notes	Consolidated financial statements		Separate financial statements	
		2018 Baht	2017 Baht	2018 Baht	2017 Baht
Liabilities and equity					
Current liabilities					
Bank overdrafts	19	90,608,751	31,566,575	35,413,725	96,999
Short-term borrowings from financial institutions	19.2	184,000,000	264,000,000	130,000,000	150,000,000
Trade and other payables	20	284,444,575	262,403,385	588	88,693
Unearned revenue		220,338,618	192,072,861	1,399	1,399
Accrued expenses		136,279,995	134,624,772	7,115,379	8,061,138
Short-term borrowings from related parties	32.5	18,500,000	-	43,500,000	12,000,000
Current portion of finance lease liabilities	19.1	12,606,517	10,092,835	573,289	1,673,484
Current portion of long-term borrowings Current portion of long-term borrowings from related parties	19.3 32.6	144,935,402 17,455,875	196,606,704 -	37,514,777 -	114,063,719 -
Accrued income tax		17,624,139	4,875,279	-	-
Other current liabilities		70,211,450	47,467,477	7,374,440	3,809,841
Total current liabilities		1,197,005,322	1,143,709,888	261,493,597	289,795,273
Non-current liabilities					
Trade and other payables - intangible asses		8,969,070	-	-	-
Long-term finance lease liabilities	19.1	6,662,991	9,869,250	2,359,965	139,443
Long-term borrowings from financial institutions	19.3	494,406,305	595,657,285	308,694,993	307,876,813
Long-term borrowings from related parties	32.6	13,614,365	4,500,000	-	-
Employee benefit obligations	21	79,515,278	76,307,852	12,199,491	9,626,389
Deferred tax liabilities	17	43,346,342	45,746,185	-	-
Other non-current liabilities		13,845,541	17,002,677	-	-
Total non-current liabilities		660,359,892	749,083,249	323,254,449	317,642,645
Total liabilities		1,857,365,214	1,892,793,137	584,748,046	607,437,918
Equity					
Share capital					
Authorised share capital					
Ordinary share, 510,070,000 shares of par Baht 1 each (2017: 463,320,000 shares of par Baht 1 each)	22	510,070,000	463,320,000	510,070,000	463,320,000
Issued and paid-up share capital					
Ordinary share, 467,950,000 shares (2017: 421,200,000 share) of paid-up Baht 1 each		467,950,000	421,200,000	467,950,000	421,200,000
Share premium		448,802,180	315,564,680	448,802,180	315,564,680
Retained earnings					
Appropriated - legal reserve	24	46,795,718	43,872,094	46,795,718	43,872,094
Retained earnings (deficits)		(120,908,307)	67,284,826	272,341,677	216,792,813
Other components of equity		(3,114,398)	(9,330,791)	-	-
Equity attributable to owners of the parent		839,525,193	838,590,809	1,235,889,575	997,429,587
Non-controlling interests		574,249,902	474,748,169	-	-
Total equity		1,413,775,095	1,313,338,978	1,235,889,575	997,429,587
Total liabilities and equity		3,271,140,309	3,206,132,115	1,820,637,621	1,604,867,505

The notes to the consolidated and separate financial statements form an integral part of these financial statements.

Wave Entertainment Public Company Limited
Statements of Comprehensive Income
For the year ended 31 December 2018

	Notes	Consolidated financial statements		Separate financial statements	
		2018 Baht	2017 Baht	2018 Baht	2017 Baht
Revenues					
Sales		593,524,087	627,210,842	4,404	5,028
Revenue from rendering of services		1,861,266,605	1,779,959,288	-	2,445,704
Total revenues		2,454,790,692	2,407,170,130	4,404	2,450,732
Costs					
Costs of sales		(221,722,032)	(242,437,872)	(1,133)	(1,229)
Costs of rendering of services		(1,379,777,704)	(1,473,634,727)	-	(657,989)
Total costs		(1,601,499,736)	(1,716,072,599)	(1,133)	(659,218)
Gross profit		853,290,956	691,097,531	3,271	1,791,514
Other income	27	50,721,994	27,443,941	110,618,839	122,011,967
Selling expenses		(430,364,118)	(448,557,019)	-	-
Administrative expenses		(531,144,821)	(509,360,656)	(53,337,955)	(63,179,934)
Finance cost		(52,199,444)	(55,893,002)	(25,941,666)	(25,581,675)
Share of profit from associates and joint ventures	13.1, 13.2	16,743,832	59,314,606	-	-
(Loss) profit before income tax expense		(92,951,601)	(235,954,599)	31,342,489	35,041,872
Income tax (expense) income	29	(6,574,851)	(17,188,432)	27,129,999	-
Net (loss) profit for the year		(99,526,452)	(253,143,031)	58,472,488	35,041,872
Other comprehensive (expense) income:	25				
Items that will not be reclassified to profit or loss					
Remeasurements of post-employment benefit obligations		8,142,329	585,184	-	-
Income tax on items that will not be reclassified to profit or loss		(1,628,466)	-	-	-
Item that will be reclassified to profit or loss					
Currency translation differences		(2,285,849)	181,973	-	-
Share of other comprehensive expense of associate accounted for using the equity method	13.1	(429,734)	(16,011,187)	-	-
Total comprehensive (expense) income for the year		(95,728,172)	(268,387,061)	58,472,488	35,041,872
(Loss) profit attributable to:					
Owners of the parent		(188,526,441)	(268,316,494)	58,472,488	35,041,872
Non-controlling interests		88,999,989	15,173,463	-	-
		(99,526,452)	(253,143,031)	58,472,488	35,041,872
Total comprehensive (expense) income attributable to:					
Owners of the parent		(186,842,168)	(283,651,511)	58,472,488	35,041,872
Non-controlling interests		91,113,996	15,264,450	-	-
		(95,728,172)	(268,387,061)	58,472,488	35,041,872
(Loss) earnings per share	26				
Basic (loss) earnings per share		(0.41)	(0.64)	0.13	0.08
Diluted (loss) earnings per share		(0.41)	(0.64)	0.12	0.08

The notes to the consolidated and separate financial statements form an integral part of these financial statements.

Wave Entertainment Public Company Limited
 Statement of Changes in Equity
 For the year ended 31 December 2018

Consolidated financial statements										
Attributable to owners of the parent										
Notes	Retained earnings (deficits)				Other components			Total equity of the parent Baht	Non-controlling interests Baht	Total equity Baht
	Issued and paid-up share capital Baht	Share premium Baht	Appropriated - legal reserve Baht	Retained earnings (deficits) Baht	Other comprehensive income					
					Translating financial statements Baht	Share of other comprehensive of associates Baht	Change in parent's ownership interest in subsidiaries Baht			
Opening balance as at 1 January 2017	421,200,000	315,564,680	42,120,000	336,768,230	-	3,816,260	4,655,816	1,124,124,986	457,408,847	1,581,533,833
Dividends paid by subsidiary	-	-	-	-	-	-	-	-	(17,525,605)	(17,525,605)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	(1,500,000)	(1,500,000)
Shares decrease of a subsidiary	-	-	-	-	-	-	-	-	(750,000)	(750,000)
Acquisition of a subsidiary	31.1, 31.2	-	-	-	-	-	-	-	19,951,000	19,951,000
Investment in newly established subsidiaries	-	-	-	-	-	-	-	-	16,811	16,811
Appropriation of legal reserve	-	-	1,752,094	(1,752,094)	-	-	-	-	-	-
Change in percentage of shareholdings	31.1	-	-	-	-	-	(1,882,666)	(1,882,666)	1,882,666	-
Total comprehensive income (expense) for the year	-	-	-	(267,731,310)	90,986	(16,011,187)	-	(283,651,511)	15,264,450	(268,387,061)
Closing balance as at 31 December 2017	421,200,000	315,564,680	43,872,094	67,284,826	90,986	(12,194,927)	2,773,150	838,590,809	474,748,169	1,313,338,978
Opening balance as at 1 January 2018	421,200,000	315,564,680	43,872,094	67,284,826	90,986	(12,194,927)	2,773,150	838,590,809	474,748,169	1,313,338,978
Issue of shares	22	46,750,000	133,237,500	-	-	-	-	179,987,500	-	179,987,500
Dividends paid by subsidiary	-	-	-	-	-	-	-	-	(30,550,150)	(30,550,150)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	(273,061)	(273,061)
Disposal of investment in a subsidiary	31.3	-	-	-	-	-	-	-	47,000,000	47,000,000
Appropriation of legal reserve	24	-	-	2,923,624	(2,923,624)	-	-	-	-	-
Change in percentage of shareholdings	31.2, 31.3	-	-	-	-	-	7,789,052	7,789,052	(7,789,052)	-
Total comprehensive income (expense) for the year	-	-	-	(185,269,509)	(1,142,925)	(429,734)	-	(186,842,168)	91,113,996	(95,728,172)
Closing balance as at 31 December 2018	467,950,000	448,802,180	46,795,718	(120,908,307)	(1,051,939)	(12,624,661)	10,562,202	839,525,193	574,249,902	1,413,775,095

The notes to the consolidated and separate financial statements form an integral part of these financial statements.

Wave Entertainment Public Company Limited
Statement of Changes in Equity (Cont'd)
For the year ended 31 December 2018

	Separate financial statements					
	Notes	Issued and paid-up share capital Baht	Share premium Baht	Retained earnings		Total equity Baht
				Appropriated - legal reserve Baht	Retained earnings (deficits) Baht	
Opening balance as at 1 January 2017		421,200,000	315,564,680	42,120,000	183,503,035	962,387,715
Total comprehensive income for the year		-	-	-	35,041,872	35,041,872
Appropriation of legal reserve		-	-	1,752,094	(1,752,094)	-
Closing balance as at 31 December 2017		<u>421,200,000</u>	<u>315,564,680</u>	<u>43,872,094</u>	<u>216,792,813</u>	<u>997,429,587</u>
Opening balance as at 1 January 2018		421,200,000	315,564,680	43,872,094	216,792,813	997,429,587
Issue of shares	22	46,750,000	133,237,500	-	-	179,987,500
Total comprehensive income for the year		-	-	-	58,472,488	58,472,488
Appropriation of legal reserve	24	-	-	2,923,624	(2,923,624)	-
Closing balance as at 31 December 2018		<u>467,950,000</u>	<u>448,802,180</u>	<u>46,795,718</u>	<u>272,341,677</u>	<u>1,235,889,575</u>

The notes to the consolidated and separate financial statements form an integral part of these financial statements.

Wave Entertainment Public Company Limited
Statements of Cash Flows
For the year ended 31 December 2018

	Notes	Consolidated financial statements		Separate financial statements	
		2018 Baht	2017 Baht	2018 Baht	2017 Baht
Cash flows from operating activities					
(Loss) profit before income tax expense		(92,951,601)	(235,954,599)	31,342,489	35,041,872
Adjustments for:					
Depreciation	14	178,122,384	172,790,553	1,009,797	1,248,350
Amortisation	16	23,721,232	22,673,850	-	-
Interest income	27	(1,350,583)	(2,218,750)	(44,227,701)	(36,121,028)
Dividends income		(5,625,672)	(2,598,342)	(6,634,812)	(22,590,842)
Unrealised loss (gain) on short-term investments		827,169	(60,683)	827,169	(60,683)
(Reversal of) allowance for doubtful debt		(22,711,101)	2,736,997	-	-
(Reversal of) provision for obsolete inventories		(53,476)	3,026,132	(583)	(54,907)
Loss on write-off prepaid withholding tax		(6,604,757)	-	-	-
Allowance for prepaid withholding tax		(23,619,518)	-	-	-
Provision for impairment of property, plant and equipments		-	6,685,560	-	-
Gain on disposal of property, plant and equipments	27	(7,147,798)	(341,118)	(2,546)	(414)
Loss from write-off of property, plant and equipments	14	8,240,449	1,300,935	-	10,406
Loss from write-off of intangible assets	16	1,097,321	133,137	-	-
Gain on disposal of subsidiaries	13.3	-	-	(4,000,000)	(18,981,129)
Impairment loss from asset held for sale	12	1,450,000	-	-	-
Impairment loss from investments in associate		-	23,075,262	-	-
Impairment loss from short-term loan to related parties	32.4	2,700,000	-	-	-
Finance costs		52,199,444	55,893,002	25,941,666	25,581,675
Loss (gain) from remeasurement for other long-term benefit		3,654,958	(3,971,522)	-	-
Provision for employee benefit obligations		12,991,234	11,348,563	2,573,102	2,510,753
Share of profit from associates and joint ventures	13.1, 13.2	(16,743,832)	(59,314,606)	-	-
		108,195,853	(4,795,629)	6,828,581	(13,415,947)
Changes in working capital					
- Trade and other receivables		11,709,852	(121,556,744)	(50,824,284)	(38,106,194)
- Inventories		3,633,124	(5,494,402)	583	54,907
- Television programmes, movies and events in progress		(14,014,413)	17,866,314	-	-
- Other current assets		46,057,077	20,178,538	92,186	(148,087)
- Prepaid rent		-	3,252,866	-	3,252,866
- Other non-current assets		33,673,832	(35,545,479)	-	83,710
- Trade and other payables		11,696,967	93,429,204	(88,105)	(22,404)
- Unearned revenue		28,265,757	43,719,697	-	(50,000)
- Accrued expenses		(60,832)	32,923,567	(3,110,696)	2,975,092
- Other current liabilities		22,743,973	(1,425,775)	3,564,599	151,391
- Employee benefit obligations		(5,296,437)	(66,150)	-	-
- Other non-current liabilities		(3,157,134)	797,011	-	-
Cash flows generated from (used in) operating activities		243,447,619	43,283,018	(43,537,136)	(45,224,666)
Interest paid		(50,483,389)	(55,782,518)	(23,776,729)	(24,967,594)
Income tax paid		(47,867,152)	(58,241,210)	(275,537)	(11,062,868)
Net cash generated from (used in) operating activities		145,097,078	(70,740,710)	(67,589,402)	(81,255,128)

The notes to the consolidated and separate financial statements form an integral part of these financial statements.

Wave Entertainment Public Company Limited
Statements of Cash Flows (Cont'd)
For the year ended 31 December 2018

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Notes	Baht	Baht	Baht	Baht
Cash flows from investing activities				
Interest received	1,406,133	2,882,883	2,367,874	2,371,151
Dividends income	23,541,477	22,590,842	6,634,812	22,590,842
Proceed from disposals of				
short-term investments	39,000,000	435,688,180	-	389,688,180
Purchase of short-term investments	(24,000,000)	(172,688,180)	-	(118,688,180)
Deposit at bank as collateral	472,975	(152,475)	-	-
Proceed from short-term loans to related parties	32.4	50,000	19,683,150	-
Payment for short-term loans to related parties	32.4	-	(19,000,000)	(205,026,450)
Proceed from disposal of investment in subsidiary	13.3	47,000,000	-	47,000,000
Payment for investment in a subsidiary	-	(1,050,000)	-	-
Payment for investment in joint venture	-	(400,000)	-	-
Payment to account payable for investment	-	(111,526,450)	-	-
Proceed from disposal of property, plant and equipment	10,579,063	7,994,348	2,605	1,215
Purchase of property, plant and equipment	(259,475,936)	(118,620,923)	-	(126,200)
Purchase of intangible assets	(10,739,618)	(1,272,055)	-	-
Net cash (used in) generated from investing activities	(172,165,906)	64,129,320	(96,494,709)	90,810,558
Cash flows from financing activities				
Bank overdrafts	59,042,176	8,197,458	35,316,726	96,999
Proceed from short-term borrowings				
from financial institutions	-	508,500,000	-	210,000,000
Repayment to short-term borrowings				
from financial institutions	(80,000,000)	(376,500,000)	(20,000,000)	(160,000,000)
Proceed from short-term borrowings				
from related parties	32.5	18,500,000	-	93,500,000
Repayment to short-term borrowings				
from related parties	32.5	-	(62,000,000)	(37,000,000)
Proceed from long-term borrowings				
from related parties	32.6	35,000,000	-	-
Repayment to long-term borrowings				
from related parties	32.6	(8,429,760)	(30,960,000)	-
Proceed from long-term borrowings				
from financial institutions	19.3	6,000,000	31,077,296	-
Repayment to long-term borrowings				
from financial institutions	19.3	(158,922,282)	(183,531,962)	(75,730,762)
Repayment to finance lease liabilities		(15,504,037)	(11,294,919)	(2,674,501)
Proceed from the issuance of shares		179,987,500	179,987,500	-
Payments for decrease in				
share capital of a subsidiary	-	(750,000)	-	-
Liquidation of subsidiaries		(273,061)	(1,500,000)	-
Dividend paid to non-controlling interest		(30,550,150)	(17,525,605)	-
Net cash generated from (used in) financing activities	4,850,386	(53,269,921)	148,398,963	(96,355,014)

The notes to the consolidated and separate financial statements form an integral part of these financial statements.

Wave Entertainment Public Company Limited
Statements of Cash Flows (Cont'd)
For the year ended 31 December 2018

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Net decrease in cash and cash equivalents	(22,218,442)	(59,881,311)	(15,685,148)	(86,799,584)
Cash and cash equivalents at beginning of the year	203,678,455	263,377,793	15,848,482	102,648,066
Effect of exchange rate changes on translation of financial statements	(2,285,849)	181,973	-	-
Cash and cash equivalents at end of the year	179,174,164	203,678,455	163,334	15,848,482

Significant non-cash transactions

Significant non-cash transactions for the years ended 31 December are as follows:

Dividends received by offsetting with borrowing from financial institution	-	4,840,000	-	4,840,000
Receivable arising from disposal of a subsidiary	-	-	-	52,000,000
Finance lease liabilities arising from purchase of equipment	14,811,460	-	3,794,828	-
Payable arising from purchase of equipment	6,391,400	6,915,017	-	-
Payable arising from purchase of intangible assets	12,921,891	-	-	-
Accounts receivable settlement in exchange with condominium	-	5,350,000	-	-

The notes to the consolidated and separate financial statements form an integral part of these financial statements.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

1 General information

Wave Entertainment Public Company Limited, the “Company” is a public limited company which is listed on the Stock Exchange of Thailand and incorporated and domiciled in Thailand. The address of the Company’s registered office is as follows:

3199, 15th Floor, Maleenont Tower, Rama IV Road, Klongtan Sub-district, Klongtoey District, Bangkok.

For reporting purposes, the Company and its subsidiaries are referred to as the Group.

The Group is principally engaged in the businesses of investment in other companies, production and distribution of television programmes, operations of concerts and events, operations of English language institution, and sales of food and beverage, and marketing activities services.

These Group consolidated financial statements were authorised for issue by the Board of Directors on 27 February 2019.

2 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below:

2.1 Basis for preparation

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards, and related interpretations

2.2.1 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Group.

TAS 7 (revised 2017)	Statement of cash Flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale in the scope of TFRS 5 (revised 2017), except for the summarised financial information.

The Group's management has already adopted the above revised standards.

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective.

2.2.2.1 The FAP has issued new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted this standard.

TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standards:

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

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.1 The FAP has issued new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted this standard. (Cont'd)

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) - minimum amounts must be recognised if they are not at significant risk of reversal
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements
- As with any new standard, there are also increased disclosures.

Entities will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures.

The Group's management is currently assessing the impact of initial adoption of this standard.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.2 Revised financial reporting standards will become effect for annual periods beginning on or after 1 January 2019 and are relevant to the Group. The Group has not yet adopt these standards.

TFRS 2 (revised 2018)	Share-based Payment
TFRS 4 (revised 2018)	Insurance Contracts
TAS 28 (revised 2018)	Investments in associates and joint ventures
TAS 40 (revised 2018)	Investment Property
TFRIC 22	Foreign Currency Transactions and Advance Consideration

TFRS 2, the amendments clarify;

- The measurement basis for cash-settled share-based payments, vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the cash-settled share-based payment at the measurement date. Instead, vesting conditions, other than market conditions, shall be taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction.
- Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided it would have been equity-settled without the net settlement feature, and
- The accounting for modifications that change an award from cash-settled to equity-settled.

TFRS 4 has been amended to provide insurance companies an optional exemption from compliance with TFRS 9 and TFRS 7. The exemption is temporarily effective and not mandatory. Entities who choose to use the exemption must follow the 'financial instruments and disclosure for insurance companies' accounting guidelines to be issued by the Federation of Accounting Professions (upon announcement) until TFRS 17 becomes effective.

TAS 28, the amendment clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.

TAS 40, the amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

The TFRIC 22 interpretation provides guidance for determining the exchange rate to be used on the initial recognition of a related asset, expense or income where an entity pays or receives an advance consideration in a foreign currency. The interpretation requires an entity to use the exchange rate at the date on which an entity recognises the non-monetary assets, such as prepayments and advances, or non-monetary liability, such as deferred income arising from the advance consideration. If there are multiple advance payments or receipts of payments, the exchange rate is to be used on the date when each non-monetary asset or liability is recognised.

The Group's management is currently assessing the impact of initial adoption of this standard.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.3 The group of financial reporting standards related to financial instruments is effective for annual periods beginning on or after 1 January 2020. They comprise accounting standards and financial reporting standards as shown below. The early application is permitted only for the period beginning on or after 1 January 2019.

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The above new standards and interpretations will supersede the following standards:

TAS 101	Bad and Doubtful Debts
TAS 103	Disclosures in the Financial Statements of Bank and Similar Financial Institutions
TAS 104	Accounting for Troubled Debt Restructuring
TAS 105	Accounting for Investment in Debts and Equity securities
TAS 106	Accounting for Investment Companies
TAS 107	Financial Instruments: Disclosure and Presentation

TAS 32 Financial Instruments: Presentation, provides the requirements for the presentation financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

TFRS 7 Financial Instruments: Disclosures, provides the requirements for the disclosure that are intended to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, and to understand the nature and extent of risks arising from those financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follow:

- Classification and measurement:
 - The classification and measurement of debt instrument financial assets has three classification categories, which are amortised cost, fair value through profit or loss and fair value through other comprehensive income. Classification of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash flows characteristics of the financial assets.
 - Equity instrument financial assets shall be measured at fair value through profit or loss. An entity can make an irrevocable election to recognise the fair value change in other comprehensive income without subsequent recycling to profit or loss.
 - Financial liabilities are classified and measured at amortised cost. An entity can choose to measure a liability at fair value through profit or loss when the conditions are met.
 - Derivatives are classified and measured at fair value through profit or loss.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.3 The group of financial reporting standards related to financial instruments is effective for annual periods beginning on or after 1 January 2020. They comprise accounting standards and financial reporting standards as shown below. The early application is permitted only for the period beginning on or after 1 January 2019. (Cont'd)

- The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The entity always accounts for expected credit losses which involves a three stage approach. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. Except for trade receivables and contractual assets which apply in TFRS 15 and are no significant financial components and lease receivables, they are permitted to measure by simplified approach for credit impaired consideration.
- The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

TFRIC 16 Hedges of a Net Investment in a Foreign Operation, clarifies the accounting treatment in respect of net investment hedging, provides guidance on identifying the foreign currency risks that qualify as a hedged risk. Clarifying that hedging instruments that are hedges of a net investment in a foreign operation may be held anywhere in the group not only by the parent. This includes the guidance on how an entity should determine the amount to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

TFRIC 19 Extinguishing financial liabilities with equity instruments, provides the requirements for accounting treatment when the entity issues equity instruments to a creditor to extinguish all or part of a financial liability. The equity instruments issued shall be measured at fair value. The entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when it is extinguished in accordance with TFRS 9. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished and the fair value of equity instruments issued shall be recognised in profit or loss.

The Group's management is currently assessing the impact of initial adoption of these standards.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

2 Accounting policies (Cont'd)

2.3 Group Accounting - Investments in subsidiaries and associates and in joint arrangements

(1) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurements are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(2) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(3) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(4) Business combination under common control

The Group accounts for business combination under common control by measuring acquired assets and liabilities of the acquiree in the proportion of interests under common control at the carrying values of the acquiree presented in the highest level of the consolidation prior to the business combination under common control at the acquisition date. The Group retrospectively adjusted the business combination under common control transactions as if the combination occurred from the beginning of period of which the financial statements in the previous period are comparatively presented in accordance with the guidance of business combination under common control as issued by the Federation of Accounting Professions.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

2 Accounting policies (Cont'd)

2.3 Group Accounting - Investments in subsidiaries and associates (Cont'd)

(4) Business combination under common control (Cont'd)

Costs of business combination under common control are the aggregated amount of fair value of assets transferred, liabilities incurred and equity instruments issued by the acquirer at the date of which the exchange in control occurs. Other costs directly attribute to business combination under common control, such as professional fees of legal advisors and other advisors, registration fees, and costs relating to preparation of information for shareholders, are capitalised as an investment in the separate financial statements while immediately recognised as expenses in the consolidated financial statements in the period of which the business combination occurs.

The difference between costs of business combination under common control and the acquirer's interests in the carrying value of the acquiree is presented as "Surplus arising from business combination under common control" in equity and is derecognised when the investment is disposed (transfer to retained earnings).

(5) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

(6) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangements.

Joint venture

A joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement. Interests in joint ventures are accounted for using the equity method.

(7) Accounting under equity method

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in associates and joint ventures is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. Profit or loss from reduce of the ownership interest in an associates and joint ventures is recognise in profit or loss.

The Group's share of its associates and joint ventures' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in associates and joint ventures equals or exceeds its interest in the associates and joint ventures, together with any long-term interests that, in substance, form part of the entity's net investment in the associates or joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates and joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investments in the associates and joint ventures are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investments and its carrying value and recognises the amount adjacent to share of profit (loss) of associates and joint ventures in profit or loss.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

2 Accounting policies (Cont'd)

2.3 Group Accounting - Investments in subsidiaries and associates (Cont'd)

(7) Accounting under equity method (Cont'd)

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(8) Separate financial statement

In the separate financial statements, investments in subsidiaries, associates and joint ventures are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Baht, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

(c) Group companies

The results and financial position of all of the Group's entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.5 Cash and cash equivalents

In the consolidated and Company statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

2 Accounting policies (Cont'd)

2.6 Trade accounts receivable

Trade accounts receivable are carried at original invoice amount and subsequently measured at the remaining amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in the statement of income within administrative expenses.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of books and raw materials - foods are determined by the first-in, first-out method. Cost of packaging materials is determined by the weighted average method. Cost of VCD and DVD is determined by the specific method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity. It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.8 Television programmes, movies and concerts production in progress

Television programmes under production are costs of programmes under production which will be recognised as cost of rendering of services upon the sale or release of the programmes. Costs of television programmes comprise costs directly attributable to television programmes production and are stated at the lower of cost and net realisable value.

Movies under production are direct costs of movies which will be recognised as cost of rendering of services upon sale or release of the movies. Costs of movies comprise costs directly attributable to movies production and are stated at the lower of cost and net realisable value.

Concerts under production are costs of concerts which will be recognised as cost of rendering of services upon the show of the concert. Costs of concerts comprise costs directly attributable to concerts production and are stated at the lower of cost and net realisable value.

2.9 Investments

Investments other than investments in subsidiaries, associates and interests in joint ventures are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

1. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
2. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity.
3. Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale.
4. Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available for sale investments are subsequently measured at fair value. The unrealised gains and losses of trading investments are recognised in profit or loss. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

2 Accounting policies (Cont'd)

2.9 Investments (Cont'd)

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.10 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Furniture, fixture, and office equipment	3, 5, and 6 years
Computer	3 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains - net' in profit or loss.

2.11 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries Note 2.3 (1) is separately reported in the consolidated statement of financial position.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

2 Accounting policies (Cont'd)

2.12 Intangible assets

2.12.1 Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years.

2.12.2 Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship.

2.12.3 Trademark

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 30 years.

2.12.4 License

Expenditure on acquired license is capitalised and amortised using the straight-line method over their useful lives, generally over 9.4 - 15 years.

2.13 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.14 Leases

Leases - where a Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

2 Accounting policies (Cont'd)

2.14 Leases (Cont'd)

Leases - where a Group company is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Initial direct costs are included in initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.15 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

2.16 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint arrangements, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

2 Accounting policies (Cont'd)

2.17 Employee benefits

2.17.1 Post-employment

The Group operate various post-employment benefits schemes. The Group has both defined benefit and defined contribution plans.

2.17.1.1 Defined contribution

A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions once the contributions have been paid even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the Provident Fund Act, B.E. 2530. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.17.1.2 Retirement benefits

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

2.17.2 Termination benefit

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within scope of TAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

2 Accounting policies (Cont'd)

2.18 Provisions

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Share capital

Ordinary shares with discretionary dividends are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Group for the consolidated financial statements. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from advertising and tuition fee and is recognised when services are rendered to customer.

Interest income is recognised using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as board of director that makes strategic decisions.

2.22 Non-current assets held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less cost to sell.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects from change of foreign currency exchange rates, interest rates and non-performance of contractual obligations by counterparties. Risk management is carried out by Group Management. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. The Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment excess liquidity.

3.1.1 Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. However, the Group's income and operating cash flows are not substantially independent of changes in market interest rates. The Group does not use the interest rate derivative to manage exposure from fluctuation in interest rate on specific borrowing.

3.1.2 Foreign exchange risk

The Group has no significant exposure to foreign currency risk relates due to its accounts receivable and accounts payable are mainly made in Thai Baht. The Group does not use any derivative financial instruments to hedge foreign currency exposure.

3.1.3 Credit risk

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products and services are made to customers with appropriate credit history. The maximum exposure to credit risk is limited to the book value of receivables as stated in the statement of financial position.

3.1.4 Liquidity risk

The availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

3.2 Fair value estimation

The following table presents the Group's financial assets that are measured at fair value. See note 8 for disclosures of the trading derivative that are measured at fair value.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The below table illustrates the financial assets that are measured at fair value as at 31 December 2018.

	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
Assets				
Financial assets at fair value through profit or loss				
Trading derivatives	2,712,307	-	-	2,712,307

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

3 Financial risk management (Cont'd)

3.2 Fair value estimation (Cont'd)

There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price by reference to the Stock Exchange of Thailand. These instruments are included in level 1.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (over-the-counter) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The carrying amount of financial instruments, which are cash and cash equivalents, trade and other receivables, loan to related parties, trade and other payables, short-term loan from related party, finance lease liabilities, and borrowing from financial institutions are considered to approximate their fair value as they are short-term in nature or the interest rate is closed to the market interest rate.

4 Critical accounting estimates, assumptions and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The result of accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Allowance for obsolete, slow-moving and defective inventories

The Group has made allowance, where necessary, for obsolete, slow moving and defective inventories by estimating the net realisable value was calculated from the selling price in the ordinary course of business, less the cost of completion and selling expenses. Furthermore, the calculation of the net realisable estimation was based on historical experience, management's knowledge of the industry and future market trends.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

4 Critical accounting estimates, assumptions and judgements (Cont'd)

4.1 Critical accounting estimates and assumptions (Cont'd)

(b) Employee benefit obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds] that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 21.

(c) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.11. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates on future results of the business and the discount rates as disclosed in Note 15.

(d) Provision for short-term loans to subsidiaries

The Group assessed the collectability of loans to subsidiaries based on the future cashflow forecasts of the subsidiaries. These calculations require the use of estimates by management. The change in the assumption used would impact the receivable amount.

(e) Deferred tax asset

The Group assessed the taxable profit, which is used as consideration to recognise the deferred tax asset. The deferred tax assets are recognised only to the extent that the Group have probable future taxable profit will be available against which the temporary differences can be utilised. The assessment of taxable profit was based on historical experience, management's knowledge of the industry and future market trends.

4.2 Critical judgements in applying the entity's accounting policies

(a) Consolidation of entities in which the Group holds less than 50%.

Management consider that the Group has de facto control of Index Creative Village Public Company Limited even though it has less than 50% of the voting rights. The Group is the major shareholder of Index Creative Village Public Company Limited with a 45% equity interest. Additionally, the group has majority of the voting rights in the board of directors. There is no history of other shareholders forming a group to exercise their votes collectively.

(b) Investment in Thai Solar Energy Public Company Limited

Management has assessed the level of influence that the Group has on Thai Solar Energy Public Company Limited and determined that it has significant influence even though the share holding is below 20% because of the board representation and contractual terms. Consequently, this investment has been classified as an associate.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

6 Segment information

Financial statements classified by business segment is as follows:

	For the year ended 31 December 2018			
	Language Institutions Baht	Restaurant Baht	Entertainment and marketing activities Baht	Consolidated Baht
Revenues from operation	529,778,795	593,519,683	1,332,167,283	2,455,465,761
Inter-segment revenue	(675,069)	-	-	(675,069)
Total revenue	529,103,726	593,519,683	1,332,167,283	2,454,790,692
Segment result	(51,957,679)	(18,375,557)	230,787,099	160,453,863
Other income				50,721,994
Unallocated costs				(66,828,230)
Depreciation and amortisation	(27,739,664)	(43,805,749)	(130,298,203)	(201,843,616)
Finance cost				(52,199,444)
Share of profit from investments in associates and joint ventures				16,743,832
Loss before income tax expense				(92,951,601)
Income tax expense				(6,574,851)
Net loss				(99,526,452)
Inventories	856,465	17,174,817	9,107,250	27,138,532
Property, plant and equipment	43,030,984	91,153,568	571,262,446	705,446,998
Intangible asset	38,994,864	137,902,464	65,540,956	242,438,284
Investment in associate				478,922,684
Interests in joint ventures				760,812
Goodwill				923,167,963
Unallocated assets				893,265,036
Consolidated total assets				3,271,140,309

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

6 Segment information (Cont'd)

	For the year ended 31 December 2017			
	Language Institutions Baht	Restaurant Baht	Entertainment and marketing activities Baht	Consolidated Baht
Revenues from operation	398,803,159	627,205,814	1,383,291,860	2,409,300,833
Inter-segment revenue	-	-	(2,130,703)	(2,130,703)
Total revenue	398,803,159	627,205,814	1,381,161,157	2,407,170,130
Segment result	(119,743,958)	(17,638,309)	148,627,161	11,244,894
Other income				27,443,941
Unallocated costs				(82,600,635)
Depreciation and amortisation	(30,123,980)	(38,429,092)	(126,911,331)	(195,464,403)
Finance cost				(55,893,002)
Share of profit from investments in associates and joint ventures				59,314,606
Loss before income tax expense				(235,954,599)
Income tax expense				(17,188,432)
Net loss				(253,143,031)
Inventories	338,171	21,120,323	9,259,685	30,718,179
Property, plant and equipment	38,391,966	116,691,937	459,478,398	614,562,301
Intangible asset	30,690,882	143,694,948	69,209,498	243,595,328
Investment in associate				463,179,161
Interests in joint ventures				18,106,042
Goodwill				923,167,963
Unallocated assets				912,803,141
Consolidated total assets				3,206,132,115

Unallocated costs represent corporate expenses. Segment assets consist primarily of equipment, inventories, receivables and operating cash.

7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Cash at bank and on hand	177,635,942	202,259,133	163,334	15,848,482
Short-term bank deposits	1,538,222	1,419,322	-	-
	179,174,164	203,678,455	163,334	15,848,482

The effective interest rate on short-term bank deposits was 0.20% (2017: 0.14%).

The short-term bank deposits of Baht 347,247 is due for maturity in February 2019 and of Baht 1,190,975 is due when call.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

8 Short-term investments

	Consolidated financial statements			
	2018		2017	
	Cost Baht	Fair value Baht	Cost Baht	Fair value Baht
Short-term investments comprise:				
1. Trading securities	8,671,556	2,712,307	8,671,556	3,539,476
2. Held-to-maturity investments due within 1 year	3,000,000	-	18,000,000	-
Total	11,671,556	2,712,307	26,671,556	3,539,476
<u>Less</u> Revaluation adjustments	(5,959,249)	-	(5,132,080)	-
Total short-term investments	5,712,307	2,712,307	21,539,476	3,539,476
	Separate financial statements			
	2018		2017	
	Cost Baht	Fair value Baht	Cost Baht	Fair value Baht
Short-term investments comprise:				
Trading securities	8,671,556	2,712,307	8,671,556	3,539,476
<u>Less</u> Revaluation adjustments	(5,959,249)	-	(5,132,080)	-
Total short-term investments	2,712,307	2,712,307	3,539,476	3,539,476

Held-to-maturity investments represent promissory notes which are due for maturity in March 2019.

During the year ended 31 December 2018, movement of trading securities is as follows:

	Consolidated and separate financial statements Baht
Book value - beginning balance	3,539,476
Change in fair value of trading securities	(827,169)
Book value - ending balance	2,712,307

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

9 Trade and other receivables

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Trade accounts receivable - third parties	214,855,918	207,583,604	-	-
Trade accounts receivable - related parties (Note 32.3)	9,369,451	40,276,659	-	-
Total	224,225,369	247,860,263	-	-
Less Allowance for doubtful accounts	(18,922,322)	(41,633,423)	-	-
Trade accounts receivable, net	205,303,047	206,226,840	-	-
Prepayments	30,481,650	28,488,896	132,963	160,331
Accrued interest income	21,522	77,071	80,843,625	38,983,798
Other receivables	12,659,550	9,235,668	-	38,923
Other receivables - related parties (Note 32.3)	-	-	100,022,669	48,178,644
Accrued income	123,547,005	110,097,348	-	-
Advance payment	6,555,558	13,496,809	8,550	962,000
	<u>378,568,332</u>	<u>367,622,632</u>	<u>181,007,807</u>	<u>88,323,696</u>

Aging of trade accounts receivable as 31 December can be analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Trade accounts receivable				
Current	126,480,280	163,418,759	-	-
Overdue less than 3 months	63,287,054	15,990,577	-	-
Overdue 3 months but less than 6 months	6,098,192	12,837,750	-	-
Overdue 6 months but less than 12 months	5,466,187	18,335,402	-	-
Overdue more than 12 months	22,893,656	37,277,775	-	-
Total trade accounts receivable	224,225,369	247,860,263	-	-
Less Allowance for doubtful accounts	(18,922,322)	(41,633,423)	-	-
Trade accounts receivable, net	<u>205,303,047</u>	<u>206,226,840</u>	-	-

10 Inventories

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Packaging materials	9,107,250	9,259,684	-	-
VCD and DVD	54,323	54,907	54,323	54,907
Books	2,563,294	2,097,894	-	-
Raw materials - foods	20,274,951	24,220,456	-	-
Less Allowance for inventories obsolescence	(4,861,286)	(4,914,762)	(54,323)	(54,907)
	<u>27,138,532</u>	<u>30,718,179</u>	-	-

The cost of inventories recognised as expense included in "cost of sales" amounted to Baht 206,920,254 and Baht 1,133 (2017: Baht 241,677,437 and Baht 1,229) in the consolidated and separate financial statements, respectively.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

11 Other current assets

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Tuition fee pending for bank transfer	10,881,682	5,921,796	-	-
Undue input VAT	21,997,789	20,981,234	236,675	253,960
Withholding tax receivable	21,546,870	41,365,763	6,022,282	5,746,744
Others	7,630,366	15,296,343	2,500	77,400
	<u>62,056,707</u>	<u>83,565,136</u>	<u>6,261,457</u>	<u>6,078,104</u>

12 Non-current assets classified as held-for-sale

	Consolidated financial statements	
	2018 Baht	2017 Baht
Property, plant and equipment	3,900,000	5,350,000

On 9 June 2017, the Group announced its intention to sell a condominium. The Group initiated an active programme to locate a buyer and expected to complete the sale within 2019.

During 2018, the assets held for sale were written down to their fair value less costs to sell of Baht 1.45 million. This is a non-recurring fair value which has been measured using observable inputs, being the prices for recent sales of similar assets and is therefore within level 2 of the fair value hierarchy.

13 Investments in subsidiaries, associates and interests in joint ventures

13.1 Investment in associates

The movements in investment in associates are as follows:

	Consolidated financial statements	Separate financial statements
	Baht	Baht
For the year ended 31 December 2018		
Opening net book amount	463,179,161	213,671,955
Dividends received from associate	(1,009,139)	-
Share of profit	17,182,396	-
Share of other comprehensive expense	(429,734)	-
Closing net book amount	<u>478,922,684</u>	<u>213,671,955</u>

Set out below are the associates of the Group as at 31 December 2018, which, in the opinion of the directors, are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

Nature of investment in associates in 2018 and 2017

Associate	Business	Nature of relationship	Country of incorporation	% Ownership interest		Measurement method
				31 December 2018	31 December 2017	
Thai Solar Energy Public Company Limited	Generation of electricity from sun radiation, and sale to Government and private states	Direct	Thailand	10.00	10.00	Equity
Associates of Index Creative Village Public Company Limited						
Max Creative Co., Ltd.	In liquidation process	Indirect	Thailand	22.73	50.00	Equity
Happio Co., Ltd.	Application design and production	Indirect	Thailand	33.00	33.00	Equity
Town Branding Co., Ltd.	Advertising	Indirect	Thailand	20.00	20.00	Equity

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

13.1 Investment in associates (Cont'd)

As at 31 December 2018, the fair value of the Group's interest in Thai Solar Energy Public Company Limited, which is a listed company in Thailand, was Baht 396.84 million (2017: Baht 894.21 million) and the carrying amount of the Group's interest was Baht 477.04 million (2017: Baht 461.86 million).

Max Creative Co., Ltd. Happio Co., Ltd. and Town Branding Co., Ltd. is a private Company and there is no quoted market price available for its shares.

As at 31 December 2018, the Group's shares of Thai Solar Energy Public Company Limited totaling 190.79 million shares (2017: Baht 175.09 million shares) has been pledged as collateral for borrowing and borrowing facilities from financial institutions (Note 19).

On 20 April 2018, Thai Solar Energy Public Company Limited, an associate of the Company, approved a dividend payment in respect of operating results for the year 2017 to the shareholders at Baht 0.00556 per share and dividend stock at rate 20 shares : 1 dividend share. The Company received cash dividend of Baht 1.01 million and share dividends of 9.09 million shares. After the aforementioned share dividends received, the shareholding percentage of the Company in Thai Solar Energy Public Company Limited remain unchanged.

On 27 April 2018, Max Creative Company Limited, an associate of the Group, has increased the registered shares from Baht 5,000,000 to Baht 11,000,000 by issuing 60,000 shares at a par value of Baht 100 per share. Index Creative Village Public Company Limited, a subsidiary of the Company, does not subscribed for newly issued shares. After the increase in the aforementioned registered shares, the shareholding percentage of Index Creative Village Public Company Limited in Max Creative Company Limited changed from 50 percent to 22.73 percent.

There are no contingent liabilities relating to the Group's interest in the associates.

Summarised financial information for associates

Set out below are the summarised financial information for the associate, that is material to the Group, namely, Thai Solar Energy Public Company Limited. The information disclosed reflects the amounting presented in the financial statements of the relevant associates (not the Group's shares of those amounts). They have been amended to reflect adjustments made using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

13.1 Investment in associates (Cont'd)

Summarised statement of financial position (audited)

	Thai Solar Energy Public Company Limited	
	31 December 2018 Baht	31 December 2017 Baht
Current assets		
Cash and cash equivalents	561,020,761	424,752,306
Other current assets (excluding cash)	901,139,681	474,825,200
Total current assets	1,462,160,442	899,577,506
Non-current Assets	13,235,745,847	11,318,865,535
Total assets	14,697,906,289	12,218,443,041
Current liabilities		
Financial liabilities (excluding trade payables)	2,587,185,618	2,292,758,098
Other current liabilities (including trade payables)	295,280,188	284,466,255
Total current liabilities	2,882,465,806	2,577,224,353
Non-current liabilities		
Financial liabilities	6,879,679,552	4,851,874,176
Other liabilities	21,139,625	8,602,335
Total non-current liabilities	6,900,819,177	4,860,476,511
Total liabilities	9,783,284,983	7,437,700,864
Net assets	4,914,621,306	4,780,742,177
<u>Less</u> Non-controlling interests	144,233,867	162,151,409
Net assets attributable to owners of the parent	4,770,387,439	4,618,590,768

Summarised statements of comprehensive income (audited)

For the year ended 31 December	Thai Solar Energy Public Company Limited	
	2018 Baht	2017 Baht
Revenue	561,368,080	229,003,651
Cost of sales and services	(435,172,853)	(177,237,832)
Interest income	23,090,909	18,911,219
Interest expense	(123,240,033)	(112,497,729)
Profit or loss from continuing operations	266,644,730	416,843,713
Income tax expense	(83,576,890)	(2,985,333)
Post-tax profit from continuing operations	183,067,840	413,858,380
Other comprehensive expense	(4,177,322)	(160,111,866)
Total comprehensive income	178,890,518	253,746,514
Dividends received from associate	1,009,139	19,992,500

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

13.1 Investment in associates (Cont'd)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

For the year ended 31 December	Thai Solar Energy Public Company Limited	
	2018 Baht	2017 Baht
Opening net assets 1 January	4,618,590,768	4,562,575,151
Dividend stock	90,749,580	-
Dividends	(100,840,969)	(199,648,062)
Profit for the year	166,185,396	415,775,545
Other comprehensive expense foreign exchange differences	(4,297,336)	(160,111,866)
Closing net assets	4,770,387,439	4,618,590,768
Interest in associates	10%	10%
Carrying value	477,038,744	461,859,077

Individually immaterial associates

In addition to the interests in the associate disclosed above, the Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

	2018 Baht	2017 Baht
Aggregate carrying amount of individually immaterial associates	1,883,940	1,320,084
Aggregate amounts of the reporting entity's share of:		
Profit from continuing activities	563,856	3,545,117
Total comprehensive income	563,856	3,545,117

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

13.2 Investment in joint venture

Movement of investments in joint venture

	Consolidated financial statements
	Baht
For the year ended 31 December 2018	
Opening net book amount	18,106,042
Share of loss	(438,564)
Profit sharing receive from joint ventures	<u>(16,906,666)</u>
Closing net book amount	<u>760,812</u>

On 20 March 2018, Index Design 103 Company Limited and Index D63 Company Limited, a joint venture of the Group, approved a profit sharing payment in respect of operating results for the year 2017 to the shareholders. The Group received cash profit sharing of Baht 12 million and Baht 1.26 million respectively.

On 5 November 2018, Index Design 103 Joint Venture, a joint venture of the Group, approved a profit sharing payment in respect of operating results for the year 2017 to the shareholders. The Group received cash profit sharing of Baht 1.97 million.

On 11 December 2018, Index City Neon Joint Venture, a joint venture of the Group, approved a profit sharing payment to the shareholders. The Group received cash profit sharing of Baht 1.07 million.

On 28 December 2018, Index D63 Joint Venture, a joint venture of the Group, approved a profit sharing payment in respect of operating results for the year 2017 to the shareholders. The Group received cash profit sharing of Baht 607,500.

Liquidation of a joint venture

Index City Neon

Index City Neon Joint Venture, a joint venture of the Group, filed a liquidation request with the Ministry of Commerce on 16 October 2017. The aforementioned liquidation was completed on 16 November 2018.

The joint ventures listed below has share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business.

Nature of investment in joint ventures in 2018 and 2017

Company	Business	Nature of relationship	Country of incorporation	% Ownership interest		Measurement method
				31 December 2018	31 December 2017	
Joint ventures of Index Creative Village Public Company Limited						
ID 2	Construction Design and Management of Thai exhibition building	Indirect	Thailand	67.00	67.00	Equity
Index City Neon	Completeness of Liquidation	Indirect	Thailand	-	50.00	Equity
Index D63	Design and Management of exhibition building in CP-Meiji Visitor Center	Indirect	Thailand	63.00	63.00	Equity
Index Design 103	Design and Management of Exhibition building in Astana International Exposition	Indirect	Thailand	90.00	90.00	Equity
Index A-7	Construction design of New Royal Thai Naval Museum	Indirect	Thailand	45.00	45.00	Equity

The Group has no commitments and contingent liabilities in respect of joint ventures.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

13.2 Investment in joint venture (Cont'd)

Summarised financial information for joint ventures

Set out below are the summarized financial information for the joint venture, Index Design 103 Joint venture, that is material to the Group. The information disclosed reflects the amounting presented in the financial statements of the relevant joint ventures (not the Group's shares of those amounts). They have been amended to reflect adjustments made using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Summarised statement of financial position (unaudited)

	Index Design 103 Joint Venture	
	2018 Baht	2017 Baht
Current assets		
Cash and cash equivalents	151,642	12,886,499
Other current assets(excluding cash)	-	28,185,694
Total current assets	<u>151,642</u>	<u>41,072,193</u>
Non-current assets	-	12,858
	<u>151,642</u>	<u>41,085,051</u>
Current liabilities		
Other current liabilities(including trade payables)	10,000	24,818,511
Total current liabilities	<u>10,000</u>	<u>24,818,511</u>
Net assets	<u>141,642</u>	<u>16,266,540</u>

Summarised statement of comprehensive income (unaudited)

	Index Design 103 Joint Venture	
	2018 Baht	2017 Baht
Revenue	-	232,132,710
Interest income	1,794	57,875
Interest expense	(320)	(307,505)
(Loss) profit from continuing operations	(524,898)	18,472,108
Income tax expense	-	(3,691,635)
Post-tax (loss) profit from continuing operations	<u>(524,898)</u>	<u>14,780,473</u>
Total comprehensive (expense) income	<u>(524,898)</u>	<u>14,780,473</u>
Profit sharing received from joint ventures	<u>(13,973,346)</u>	-

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

13.2 Investment in joint venture (Cont'd)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in joint ventures

Summarised financial information	Index Design 103 Joint Venture	
	2018 Baht	2017 Baht
Opening net assets 1 January	16,266,540	1,486,067
(Loss) profit for the period	(524,898)	14,780,473
Profit sharing paid	(15,600,000)	-
Closing net assets	141,642	16,266,540
Interest in joint venture	90%	90%
Goodwill	-	-
Carrying value	127,478	14,639,886

Individually immaterial joint ventures

In addition to the interests in the joint venture disclosed above, the Group also has interests in a number of individually immaterial joint ventures that are accounted for using the equity method.

	2018 Baht	2017 Baht
Aggregate carrying amount of individually immaterial joint ventures	633,334	3,466,156
Aggregate amounts of the reporting entity's share of:		
Profit from continuing activities	33,844	889,510
Total comprehensive income (expense)	33,844	889,510

13.3 Investment in subsidiaries

Movements of investments in subsidiaries

	Separate financial statements Baht
For the year ended 31 December 2018	
Opening net book amount	430,000,000
Disposal during the year	(43,000,000)
Closing net book amount	387,000,000

Disposal of investment in a subsidiary

Index Creative Village Public Company limited

On 24 December 2018, the Company disposed partial investment in Index Creative Village Public Co., Ltd. of 8.60 million shares to Mr. Kriengkrai Kanchanapokin and Mr. Kriengkarn Kanchanapokin for the consideration of Baht 47 million and recognised gain from disposal amounting to Baht 4 million as "Other income" in the separate statement of comprehensive income, and recognised gain of Baht 6.31 million as other component of shareholders' equity in the consolidated statement of financial position. Such disposal reduce the shareholding percentage of the Group in Index Creative Village Public Company Limited from 50 percent to 45 percent. However, the Company retains control over Index Creative Village Public Company Limited, such investment is classified as investment in subsidiary, accordingly.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

13.3 Investment in subsidiaries (Cont'd)

Liquidation of a subsidiary

Addition of a subsidiary

I C V Company Limited

On 29 November 2018, Index Creative Village Public Company Limited, a subsidiary of the Group, acquired the ordinary shares of I C V Company Limited of 495 shares with a par value of USD 100 per share, totalling USD 49,500 or equivalent to Baht 1,664,190 from a subsidiary of the Group. This resulted in an increase in equity attributable to owners of the parent of Baht 1.48 million which recognised as other component of shareholders' equity in the consolidated statement of financial position. After the aforementioned acquisition, the percentage of Index Creative Village Public Company Limited in I C V Company Limited changed to 99 percent.

Details of investment in subsidiaries

Name	Country of incorporation and place of business	Nature of business	Nature of relationship	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of shares held by non-controlling interests	
				2018 (%)	2017 (%)	2018 (%)	2017 (%)	2018 (%)	2017 (%)
Subsidiaries									
Wave Picture Company Limited	Thailand	Investment	Direct	99.99	99.99	-	-	0.01	0.01
Wave Food Group Co., Ltd.	Thailand	Investment	Direct	99.99	99.99	-	-	0.01	0.01
Wave Education Group Co., Ltd.	Thailand	Investment	Direct	99.99	99.99	-	-	0.01	0.01
Index Creative Village Public Company Limited	Thailand	Advisor and organizer	Direct	45.00	50.00	-	-	55.00	50.00
Subsidiary of Wave Food Group Co., Ltd.									
Jeffer Restaurant Company Limited	Thailand	Restaurant	Indirect	-	-	99.99	99.99	0.01	0.01
Subsidiary of Wave Education group Co., Ltd.									
Wall Street English (Thailand) Co., Ltd (Formerly "Efficient English Services Limited")	Thailand	Language Institute	Indirect	-	-	99.99	99.99	0.01	0.01
Subsidiary of Wave Picture Co., Ltd.									
Wave TV Company Limited	Thailand	Television programmes production	Indirect	-	-	99.99	99.99	0.01	0.01
Subsidiaries of Index Creative Village Public Company Limited									
Event Solutions Co., Ltd.	Thailand	Provision of equipment for entertainment events	Indirect	-	-	99.99	99.99	0.01	0.01
TresBien Co., Ltd.	Thailand	In liquidation process	Indirect	-	-	99.99	99.99	0.01	0.01
Media Vision (1994) Co., Ltd.	Thailand	Light and sound system installation services for entertainment events	Indirect	-	-	50.99	50.99	49.01	49.01
Inspire Image Co., Ltd.	Thailand	Preparation, installation and removal of advertising boards	Indirect	-	-	60.00	60.00	40.00	40.00
Index Creative Online Co., Ltd.	Thailand	In liquidation process	Indirect	-	-	26.51	26.51	73.49	73.49
Enviro (Thailand) Co., Ltd.	Thailand	Provide advisory services, research data analysis and survey of statistic Thailand	Indirect	-	-	50.00	50.00	50.00	50.00
Index and M Co., Ltd.	Thailand	Advertising ,event services and public relations services	Indirect	-	-	50.00	50.00	50.00	50.00
Index and V Co., Ltd.	Thailand	Advertising ,event services and public relations services	Indirect	-	-	50.00	50.00	50.00	50.00
Big Events Co., Ltd.	Thailand	In liquidation process	Indirect	-	-	50.00	50.00	50.00	50.00
ICV EX Co., Ltd.	Thailand	Advisor and organizer	Indirect	-	-	99.99	99.99	0.01	0.01
Blue Media Communications Co., Ltd.	Thailand	Provision of publishing media design, production and distribution services	Indirect	-	-	58.18	58.18	41.82	41.82
I C V Company Limited	The Republic of the Union Myanmar	Advertising, event services and public relations services	Indirect	-	-	99.00	-	1.00	-
Subsidiaries of Index and M Co., Ltd.									
I C V Company Limited	The Republic of the Union Myanmar	Advertising, event services and public relations services	Indirect	-	-	-	99.00	-	1.00

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

13.3 Investment in subsidiaries (Cont'd)

Details of investment in subsidiaries (Cont'd)

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

The total non-controlling interest amounting to Baht 574.25 million is of Index Creative Village Public Company Limited ("Index Group").

As at 31 December 2018, the Group's shares of Wall Street English (Thailand) Co., Ltd., shares of Jeffer Restaurant Company Limited and 77.40 million shares (2017: Baht 86 million shares) of Index Creative Village Public Company Limited have been pledged as collateral for borrowing and borrowing facilities from financial institutions (Note 19).

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for subsidiary that has non-controlling interests that are material to the Group, being Index Group. The amounts disclosed is before inter-company eliminations.

See note 31 for transactions with non-controlling interests.

Summarised statement of financial position (audited)

	Index Group	
	2018	2017
	Baht	Baht
As at 31 December		
Current		
Assets	556,554,737	567,766,771
Liabilities	(389,557,433)	(402,627,376)
Total net current assets	<u>166,997,304</u>	<u>165,139,395</u>
Non-current		
Assets	671,027,171	593,573,749
Liabilities	(76,483,839)	(73,372,560)
Total net non-current assets	<u>594,543,332</u>	<u>520,201,189</u>
Net assets	<u><u>761,540,636</u></u>	<u><u>685,340,584</u></u>

Summarised statement of comprehensive income (audited)

	Index Group	
	2018	2017
	Baht	Baht
For the year ended 31 December		
Revenue	1,374,082,227	1,406,388,404
Profit before income tax expense	145,754,095	42,544,689
Income tax expense	(35,681,583)	(18,251,820)
Other comprehensive income	4,228,016	181,973
Total comprehensive income	<u>114,300,528</u>	<u>24,474,842</u>
Total comprehensive income allocated to non-controlling interests	<u>91,113,996</u>	<u>15,264,450</u>
Dividend paid to non-controlling interest	<u>(30,550,150)</u>	<u>(17,525,605)</u>

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

13.3 Investment in subsidiaries (Cont'd)

Summarised statement of cash flows (audited)

For the year ended 31 December	Index Group	
	2018 Baht	2017 Baht
Net cash generated from operating activities	289,851,861	81,980,756
Net cash used in investing activities	(211,137,386)	(54,576,386)
Net cash generated from financing activities	(75,802,160)	7,508,800
Net increase in cash and cash equivalents	2,912,315	34,913,170
Cash and cash equivalents at beginning of the year	160,698,787	125,785,617
Cash and cash equivalents at end of the year	163,611,102	160,698,787

14 Property, plant and equipment

	Consolidated financial statements					
	Land Baht	Building Baht	Furniture, fixture and office equipment Baht	Vehicles Baht	Construction in progress Baht	Total Baht
At 1 January 2017						
Cost	131,102,925	212,143,516	1,421,956,377	76,121,382	43,038,225	1,884,362,425
Less: Accumulated depreciation	-	(117,549,544)	(1,034,245,854)	(46,470,508)	-	(1,198,265,906)
Provision for impairment	-	-	(1,195,963)	-	(7,443,917)	(8,639,880)
Net book value	131,102,925	94,593,972	386,514,560	29,650,874	35,594,308	677,456,639
For the year ended 31 December 2017						
Opening net book value	131,102,925	94,593,972	386,514,560	29,650,874	35,594,308	677,456,639
Additions	-	227,500	69,515,816	196,460	55,596,164	125,535,940
Disposals, net	-	-	(6,433,898)	(1,219,332)	-	(7,653,230)
Write off, net	-	-	(1,300,935)	-	-	(1,300,935)
Transfer	-	41,542,416	39,398,527	-	(80,940,943)	-
Impairment charge (reversal)	-	-	1,195,963	-	(7,881,523)	(6,685,560)
Depreciation charge	-	(11,022,898)	(153,555,831)	(8,211,824)	-	(172,790,553)
Closing net book value	131,102,925	125,340,990	335,334,202	20,416,178	2,368,006	614,562,301
At 31 December 2017						
Cost	131,102,925	253,913,431	1,493,251,231	74,037,843	17,693,446	1,969,998,876
Less: Accumulated depreciation	-	(128,572,441)	(1,157,917,029)	(53,621,665)	-	(1,340,111,135)
Provision for impairment	-	-	-	-	(15,325,440)	(15,325,440)
Net book value	131,102,925	125,340,990	335,334,202	20,416,178	2,368,006	614,562,301
For the year ended 31 December 2018						
Opening net book value	131,102,925	125,340,990	335,334,202	20,416,178	2,368,006	614,562,301
Additions	-	-	244,318,368	17,946,310	18,414,117	280,678,795
Disposals, net	-	-	(2,827,027)	(604,238)	-	(3,431,265)
Write off, net	-	(1)	(8,077,553)	-	(162,895)	(8,240,449)
Transfer	-	-	17,785,730	-	(17,785,730)	-
Depreciation charge	-	(11,666,450)	(158,076,436)	(8,379,498)	-	(178,122,384)
Closing net book value	131,102,925	113,674,539	428,457,284	29,378,752	2,833,498	705,446,998
At 31 December 2018						
Cost	131,102,925	252,708,776	1,677,619,639	81,062,195	2,833,498	2,145,327,033
Less: Accumulated depreciation	-	(139,034,237)	(1,249,162,355)	(51,683,443)	-	(1,439,880,035)
Net book value	131,102,925	113,674,539	428,457,284	29,378,752	2,833,498	705,446,998

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

14 Property, plant and equipment (Cont'd)

	Consolidated financial statements		
	2018	2017	
	Baht	Baht	
Depreciation has been charged into the following categories of expenses:			
Cost of sales	9,686,897	94,902,484	
Cost of services	112,349,691	19,465,958	
Selling expenses	24,929,312	20,472,497	
Administrative expenses	31,156,484	37,949,614	
	<u>178,122,384</u>	<u>172,790,553</u>	
	Separate financial statements		
	Furniture, fixture and office equipment Baht	Vehicles Baht	Total Baht
At 1 January 2017			
Cost	2,845,710	9,402,146	12,247,856
<u>Less</u> Accumulated depreciation	<u>(2,487,152)</u>	<u>(2,963,639)</u>	<u>(5,450,791)</u>
Net book value	<u>358,558</u>	<u>6,438,507</u>	<u>6,797,065</u>
For the year ended 31 December 2017			
Opening net book value	358,558	6,438,507	6,797,065
Additions	126,200	-	126,200
Disposal, net	(801)	-	(801)
Write off, net	(10,406)	-	(10,406)
Depreciation charge	<u>(267,921)</u>	<u>(980,429)</u>	<u>(1,248,350)</u>
Closing net book value	<u>205,630</u>	<u>5,458,078</u>	<u>5,663,708</u>
At 31 December 2017			
Cost	2,861,685	9,402,146	12,263,831
<u>Less</u> Accumulated depreciation	<u>(2,656,055)</u>	<u>(3,944,068)</u>	<u>(6,600,123)</u>
Net book value	<u>205,630</u>	<u>5,458,078</u>	<u>5,663,708</u>
For the year ended 31 December 2018			
Opening net book value	205,630	5,458,078	5,663,708
Additions	-	3,794,826	3,794,826
Disposal, net	(59)	-	(59)
Depreciation charge	<u>(50,416)</u>	<u>(959,381)</u>	<u>(1,009,797)</u>
Closing net book value	<u>155,155</u>	<u>8,293,523</u>	<u>8,448,678</u>
At 31 December 2018			
Cost	2,837,010	13,196,972	16,033,982
<u>Less</u> Accumulated depreciation	<u>(2,681,855)</u>	<u>(4,903,449)</u>	<u>(7,585,304)</u>
Net book value	<u>155,155</u>	<u>8,293,523</u>	<u>8,448,678</u>

Land, building, furniture and fixtures with the carrying value of Baht 232.17 million (31 December 2017: Baht 241.52 million) has been pledged as collateral for borrowings from financial institutions (Note 19.2 and 19.3).

Depreciation expense of Baht 1,009,797 (2017: Baht 1,248,350) has been charged in "administrative expense".

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

14 Property, plant and equipment (Cont'd)

Leased assets included above, where the Group and the Company is a lessee under finance leases, comprise equipment and vehicles as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Cost - capitalised finance leases	72,469,107	59,879,146	13,196,974	9,402,146
<u>Less</u> Accumulated depreciation	<u>(42,354,987)</u>	<u>(33,449,368)</u>	<u>(4,903,449)</u>	<u>(3,944,068)</u>
Net book amount	<u>30,114,120</u>	<u>26,429,778</u>	<u>8,293,525</u>	<u>5,458,078</u>

15 Goodwill

	Consolidated financial statements	
	2018 Baht	2017 Baht
At 1 January		
Cost	1,259,698,551	1,259,698,551
<u>Less</u> Provision for impairment	<u>(336,530,588)</u>	<u>(336,530,588)</u>
Net book amount	<u>923,167,963</u>	<u>923,167,963</u>
For the year ended 31 December		
Opening net book amount	<u>923,167,963</u>	<u>923,167,963</u>
Closing net book amount	<u>923,167,963</u>	<u>923,167,963</u>
At 31 December		
Cost	1,259,698,551	1,259,698,551
<u>Less</u> Provision for impairment	<u>(336,530,588)</u>	<u>(336,530,588)</u>
Net book amount	<u>923,167,963</u>	<u>923,167,963</u>

In 2016, the Group wrote down the book value of language institute CGU to its recoverable amount by recognising loss from impairment of goodwill amounting to Baht 336 million, due to significant decrease in projected revenue arising from external factors as well as market situation and trend. The loss was included in "Other expenses" in consolidated statement of comprehensive income.

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment.

A segment-level summary of the goodwill allocation is presented below.

	2018 and 2017			Total Baht
	Language Institute Baht	Restaurant Baht	Marketing Activities Baht	
Goodwill allocation	389,548,884	408,594,300	125,024,779	923,167,963

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

15 Goodwill (Cont'd)

The key assumptions used for value-in-use calculations are as follows:

	Language Institute	Restaurant	Marketing activities
Growth rate ¹	1 %	2%	0%
Discount rate ²	12%	9%	10%

¹ Weighted average growth rate used to extrapolate cash flows beyond the budget period.

² Pre-tax discount rate applied to the cash flow projections.

These assumptions have been used for the analysis of each CGU within the business segment.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

16 Intangible assets

	Consolidated financial statements					Total Baht
	License Baht	Computer software Baht	Customer relation Baht	Trademark Baht	Intangible asset under installation Baht	
At 1 January 2017						
Cost	39,867,564	37,321,946	123,937,000	152,221,000	-	353,347,510
Less Accumulated amortisation	(24,714,756)	(5,897,878)	(47,456,884)	(10,147,732)	-	(88,217,250)
Net book amount	15,152,808	31,424,068	76,480,116	142,073,268	-	265,130,260
For the year ended 31 December 2017						
Opening net book amount	15,152,808	31,424,068	76,480,116	142,073,268	-	265,130,260
Addition	-	1,130,280	-	-	141,775	1,272,055
Write-off, net	-	(133,137)	-	-	-	(133,137)
Amortisation charge	(2,955,291)	(5,646,827)	(8,997,700)	(5,074,032)	-	(22,673,850)
Closing net book amount	12,197,517	26,774,384	67,482,416	136,999,236	141,775	243,595,328
At 31 December 2017						
Cost	39,867,564	38,270,976	123,937,000	152,221,000	141,775	354,438,315
Less Accumulated amortisation	(27,670,047)	(11,496,592)	(56,454,584)	(15,221,764)	-	(110,842,987)
Net book amount	12,197,517	26,774,384	67,482,416	136,999,236	141,775	243,595,328
For the year ended 31 December 2018						
Opening net book amount	12,197,517	26,774,384	67,482,416	136,999,236	141,775	243,595,328
Addition	19,565,140	3,954,594	-	-	141,775	23,661,509
Write-off, net	-	(1,097,321)	-	-	-	(1,097,321)
Transferred out	-	283,550	-	-	(283,550)	-
Amortisation charge	(3,724,110)	(5,925,390)	(8,997,700)	(5,074,032)	-	(23,721,232)
Closing net book amount	28,038,547	23,989,817	58,484,716	131,925,204	-	242,438,284
At 31 December 2018						
Cost	59,432,704	75,387,562	123,937,000	152,221,000	-	410,978,266
Less Accumulated amortisation	(31,394,157)	(51,397,745)	(65,452,284)	(20,295,796)	-	(168,539,982)
Net book amount	28,038,547	23,989,817	58,484,716	131,925,204	-	242,438,284

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

16 Intangible assets (Cont'd)

	Consolidated financial statements	
	2018 Baht	2017 Baht
Amortisation has been charged into the following categories of expenses:		
Cost of services	5,660,634	4,266,545
Administrative expenses	18,060,598	18,407,305
	<u>23,721,232</u>	<u>22,673,850</u>

17 Deferred income taxes

The analysis of deferred tax assets and deferred tax liabilities as at 31 December are as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	5,253,200	-	5,253,200	-
Deferred tax assets to be recovered after 12 months	52,856,347	32,645,345	21,876,799	-
	<u>58,109,547</u>	<u>32,645,345</u>	<u>27,129,999</u>	<u>-</u>
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	2,399,844	2,399,844	-	-
Deferred tax liabilities to be settled after 12 months	43,173,532	45,573,375	-	-
	<u>45,573,376</u>	<u>47,973,219</u>	<u>-</u>	<u>-</u>
Deferred tax, net	<u>12,536,171</u>	<u>(15,327,874)</u>	<u>27,129,999</u>	<u>-</u>

The gross movement and the deferred income tax account is as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
At 1 January	(15,327,874)	(20,676,184)	-	-
Charged to profit or loss (Note 29)	29,492,512	5,348,310	27,129,999	-
Charged to other comprehensive income	(1,628,467)	-	-	-
At 31 December	<u>12,536,171</u>	<u>(15,327,874)</u>	<u>27,129,999</u>	<u>-</u>

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

17 Deferred income taxes (Cont'd)

The movement in deferred tax assets and liabilities during the period is as follows: (Cont'd)

	Separate financial statements			
	At 1 January 2018 Baht	Credited to the other comprehensive income Baht	Charged/ to the income statement Baht	At 31 December 2018 Baht
Deferred tax assets				
Tax losses	-	-	27,129,999	27,129,999
	-	-	27,129,999	27,129,999

Presentation in the statements of financial position are as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
As at 31 December				
Deferred income tax assets	55,882,513	30,418,311	27,129,999	-
Deferred income tax liabilities	(43,346,342)	(45,746,185)	-	-
Deferred income tax, net	<u>12,536,171</u>	<u>(15,327,874)</u>	<u>27,129,999</u>	<u>-</u>

Deferred income tax assets and liabilities are offset when the income taxes related to the same fiscal authority. Deferred tax assets and deferred tax liabilities in the consolidated financial positions are presented at net amount of assets and liabilities incurred in each entity.

Deferred income tax assets are recognised for tax loss carried forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of Baht 77.46 million (2017: Baht 144.76 million). These tax losses will expire in 2023.

18 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Deposits	33,388,372	28,962,046	-	-
Guarantee	58,299,355	67,192,807	1,289,184	1,289,184
Withholding tax deducted at sources - net	90,443,820	89,426,250	-	-
Others	83,371	83,371	-	-
	<u>182,214,918</u>	<u>185,664,474</u>	<u>1,289,184</u>	<u>1,289,184</u>

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

19 Borrowings

	Consolidated financial information		Separate financial information	
	31 December 2018 Baht	31 December 2017 Baht	31 December 2018 Baht	31 December 2017 Baht
Current				
Bank overdrafts	90,608,751	31,566,575	35,413,725	96,999
Short-term borrowings from financial institutions	184,000,000	264,000,000	130,000,000	150,000,000
Short-term borrowings from related parties (Note 32.5)	18,500,000	-	43,500,000	12,000,000
Current portion of finance lease	12,606,517	10,092,835	573,289	1,673,484
Current portion of long-term borrowings from financial institutions	144,935,402	196,606,704	37,514,777	114,063,719
Current portion of long-term borrowings from related parties (Note 32.6)	17,455,875	-	-	-
	<u>468,106,545</u>	<u>502,266,114</u>	<u>247,001,791</u>	<u>277,834,202</u>
Non-current				
Long-term finance lease liabilities	6,662,991	9,869,250	2,359,965	139,443
Long-term borrowings from financial institutions	494,406,305	595,657,285	308,694,993	307,876,813
Long-term borrowings from related parties (Note 32.6)	13,614,365	4,500,000	-	-
	<u>514,683,661</u>	<u>610,026,535</u>	<u>311,054,958</u>	<u>308,016,256</u>
	<u>982,790,206</u>	<u>1,112,292,649</u>	<u>558,056,749</u>	<u>585,850,458</u>

19.1 Finance lease liabilities

The present value of finance lease liabilities is as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Not later than 1 year	12,606,517	10,092,835	573,289	1,673,484
Later than 1 year but not later than 5 years	6,662,991	9,869,250	2,359,965	139,443
	<u>19,269,508</u>	<u>19,962,085</u>	<u>2,933,254</u>	<u>1,812,927</u>

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

19 Borrowings (Cont'd)

19.2 Short-term borrowings from financial institutions

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Short-term borrowings from financial institutions	184,000,000	264,000,000	130,000,000	150,000,000

Short-term borrowings of Baht 130 million is collateralised by pledge of share of 63.50 million shares of Thai Solar Energy Public Company Limited (31 December 2017: 50 million shares) (Note 13.1) and 77.40 million shares of Index Creative Village Public Company Limited (31 December 2017: 86 million shares) (Note 13.3) and of Baht 54 million is collateralised by pledge of land and building with the carrying value of Baht 218.46 million (31 December 2017: Baht 232.19 million) (Note 14).

19.3 Long-term borrowings from financial institutions

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Current portion of long-term borrowings	144,935,402	196,606,704	37,514,777	114,063,719
Long-term borrowings payable between 1 to 5 years	494,406,305	595,657,285	308,694,993	307,876,813
Total during the year	639,341,707	792,263,989	346,209,770	421,940,532

Movements in long-term borrowings are analysed as follows:

	Consolidated financial statements	Separate financial statements
	Baht	Baht
For year ended 31 December 2018		
Opening amount as at 1 January 2018	792,263,989	421,940,532
Addition during the year	6,000,000	-
Repayment during the year	(158,922,282)	(75,730,762)
Closing amount as at 31 December 2018	639,341,707	346,209,770

Long-term borrowing of Baht 639.34 million is collateralised by pledge of shares of Wall Street English (Thailand) Co., Ltd., shares of Jeffer Restaurant Company Limited, 90 million shares of Wave Entertainment Public Company Limited, and 116.48 million shares (31 December 2017: 114.28 million shares) of Thai Solar Energy Public Company Limited (Note 13.1).

On 24 September 2018, Wall Street English (Thailand) Co., Ltd., a subsidiary of the Company, entered into 3-year sales and leaseback contracts with a financial institution on furniture and fixtures. At the end of the lease term, the subsidiary has options to purchase such assets at pre-determined price of return to the lessor and has an obligation to compensate the amount between the pre-determined price and the price sold to a third party. The substances of the transactions are borrowings from a financial institution. The carrying amount of Baht 10.33 million (31 December 2017: Baht 8.32 million) is secured by furniture and fixtures with the carrying value of Baht 13.71 million (31 December 2017: Baht 9.33 million) (Note 14). The borrowings are guaranteed by Wave Entertainment Public Company Limited.

Under the loan agreement, the Group has to comply with loan covenants such as maintaining the debt to equity ratio, debt service coverage ratio and percentage holding in a subsidiary company.

The carrying amounts of long-term borrowings approximate their fair values.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

19 Borrowings (Cont'd)

19.4 Interest rate

The interest rate exposure on the borrowings and finance lease liabilities of the Group is as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Borrowings:				
- at fixed rates	193,171,686	208,462,085	81,433,254	71,812,927
- at floating rates	789,618,520	903,830,564	476,623,495	514,037,531
Total borrowings	982,790,206	1,112,292,649	558,056,749	585,850,458

The effective interest rates at the statement of financial position date are as follows:

	Consolidated financial statements		Separate financial statements	
	2018 %	2017 %	2018 %	2017 %
Short-term borrowing	MLR+1.6, 3.85 - 5.25	MLR - 2.25, 4.44 - 5.25	MLR +1.6, 3.85	MLR - 2.25, 4.44
Long-term borrowing	MLR - 1 , MLR -1.5, 4.25, 6.75	MLR - 1, MLR - 2.5, MLR - 3.52, 4.25	MLR - 1.5	MLR - 2.5
Finance lease liabilities	1.19 - 8.88	1.00 - 8.29	4.37, 8.88	4.37

19.5 Borrowing facilities

The Group and the Company have the following undrawn committed borrowing facilities:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Float rate				
- expiring within one year	181,391,249	323,433,426	4,586,275	38,903,001

The facilities expiring within one year are bank overdrafts, which have been arranged to finance the operations of the Group and the Company.

Borrowing facilities of Baht 20 million is collateralised by pledge of shares of 10.81 million shares (31 December 2018: 10.81 million shares) of Thai Solar Energy Public Company Limited (Note 13.1).

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

20 Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Trade payables - others	217,869,388	222,849,691	-	88,693
Trade payables - related parties (Note 32.3)	3,255,077	2,764,011	588	-
Other payable - intangible assets	4,484,535	-	-	-
Other payables	58,835,575	36,789,683	-	-
	<u>284,444,575</u>	<u>262,403,385</u>	<u>588</u>	<u>88,693</u>

21 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Retirement benefits	72,642,032	72,389,031	12,199,491	9,626,389
Other employee benefits	6,873,246	3,918,821	-	-
Liability in the statement of financial position	<u>79,515,278</u>	<u>76,307,852</u>	<u>12,199,491</u>	<u>9,626,389</u>
Profit or loss charge included in operating profit:				
Retirement benefits	12,308,337	10,683,838	2,573,102	2,510,753
Other employee benefits	682,897	664,725	-	-
	<u>12,991,234</u>	<u>11,348,563</u>	<u>2,573,102</u>	<u>2,510,753</u>
Remeasurement for:				
Retirement benefits	(8,142,329)	(585,184)	-	-
Other employee benefits	3,654,958	(3,971,522)	-	-
	<u>(4,487,371)</u>	<u>(4,556,706)</u>	<u>-</u>	<u>-</u>

Retirement benefits

The plans are final salary retirement plans. The level of benefits provided depends on member's length of service and their salary in the final years leading up to retirement.

The movement in the retirement benefit obligation over the year is as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
At 1 January	72,389,031	62,356,527	9,626,389	7,115,636
Current service cost	10,291,577	9,267,004	2,289,130	2,300,845
Interest cost	2,016,760	1,416,834	283,972	209,908
Actuarial gain	(8,142,329)	(585,184)	-	-
Benefits paid	(3,913,007)	(66,150)	-	-
At 31 December	<u>72,642,032</u>	<u>72,389,031</u>	<u>12,199,491</u>	<u>9,626,389</u>

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

21 Employee benefit obligations (Cont'd)

Other employee benefits

Other employee benefits are benefit plans which provide fixed benefits to members. The level of benefits provided depends on service years before retirement.

The movement in the other employee benefit obligation over the year is as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
At 1 January	3,918,821	7,225,618	-	-
Current service cost	577,947	611,693	-	-
Interest cost	104,950	53,032	-	-
Actuarial gain	3,654,958	(3,971,522)	-	-
Benefits paid	(1,383,430)	-	-	-
At 31 December	6,873,246	3,918,821	-	-

The principal actuarial assumptions used were as follows:

	Consolidated financial statements		Separate financial statements	
	2018 %	2017 %	2018 %	2017 %
Discount rate	2.70 - 3.32	2.70 - 3.32	2.95	2.95
Future salary increases	5.00 - 7.05	5.00 - 7.05	5.00	5.00

The sensitivity analysis for each significant assumption disclosed are as follows:

	Consolidated financial statements					
	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Discount rate	1%	1%	Decrease by 5%	Decrease by 10%	Increase by 5%	Increase by 11%
Salary growth rate	1%	1%	Increase by 6%	Increase by 11%	Decrease by 5%	Decrease by 10%

	Separate financial statements					
	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Discount rate	1%	1%	Decrease by 9%	Decrease by 10%	Increase by 11%	Increase by 12%
Salary growth rate	1%	1%	Increase by 13%	Increase by 13%	Decrease by 12%	Decrease by 12%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Through its defined benefit retirement benefit plans and other long-term benefit the Group is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields A decrease in Government bond yields will increase plan liabilities. Although this will be partially offset by an increase in the value of the plans' bond holdings.

The weighted average duration of the defined benefit obligation is 16 years (2017: 18 years).

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

21 Employee benefit obligations (Cont'd)

Expected maturity analysis of undiscounted retirement:

	Consolidated financial statements				Total Baht
	Less than a year Baht	Between 1 - 2 years Baht	Between 2 - 5 years Baht	Over 5 years Baht	
At 31 December 2018					
Retirement benefits	8,763,172	355,219	10,520,134	338,917,182	358,555,707
Other long-term benefit	500,000	1,169,038	2,841,250	3,766,244	8,276,532

	Consolidated financial statements				Total Baht
	Less than a year Baht	Between 1 - 2 years Baht	Between 2 - 5 years Baht	Over 5 years Baht	
At 31 December 2017					
Retirement benefits	11,063,853	710,134	8,776,682	331,945,144	352,495,813
Other long-term benefit	1,306,774	1,035,987	1,705,761	768,561	4,817,083

Expected maturity analysis of undiscounted retirement:

	Separate financial statements				Total Baht
	Less than a year Baht	Between 1 - 2 years Baht	Between 2 - 5 years Baht	Over 5 years Baht	
At 31 December 2018					
Retirement benefits	-	-	-	58,805,363	58,805,363

	Separate financial statements				Total Baht
	Less than a year Baht	Between 1 - 2 years Baht	Between 2 - 5 years Baht	Over 5 years Baht	
At 31 December 2017					
Retirement benefits	-	-	-	58,805,363	58,805,363

22 Share capital

	Issued and fully paid-up				Total Baht
	Authorised number of shares	Number of shares	Ordinary shares Baht	Share Premium Baht	
At 1 January 2017	421,200,000	421,200,000	421,200,000	315,564,680	736,764,680
Issue and paid-up of shares	42,120,000	-	-	-	-
At 31 December 2017	463,320,000	421,200,000	421,200,000	315,564,680	736,764,680
Issue and paid-up of shares	46,750,000	46,750,000	46,750,000	133,237,500	179,987,500
At 31 December 2018	510,070,000	467,950,000	467,950,000	448,802,180	916,752,180

The total authorised number of ordinary shares is 510,070,000 shares (2017: 463,320,000 shares) with a par value of Baht 1 each (2017: Baht 1 each). The issued and fully paid-up ordinary shares is 467,950,000 shares (2017: 421,200,000 shares).

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

22 Share capital (Cont'd)

2018

On 29 March 2018, the Company received share subscription for 46,750,000 shares, with the par value of Baht 1 per share, at the value of Baht 3.85 per share, totaling Baht 179.99 million from The Mall Group Company Limited. As a result, the registered and fully paid-up share capital increase to 467,950,000 shares. The Company registered the share subscription with the Ministry of Commerce on 7 April 2018.

2017

On 18 April 2017, the Annual General Meeting of the shareholders approved the issuance of 42,120,000 ordinary shares at the par value of Baht 1 per share for the exercise of warrants ('WAVE-W1'). As a result, the number of registered shares increased from 421,200,000 shares to 463,320,000 shares. The Company registered the increased share capital with the Ministry of Commerce on 15 May 2017.

23 Warrants

At the Annual General Meeting of Shareholders held on 18 April 2017, the shareholders have passed the resolution to issue warrants to purchase of ordinary shares, issued in a named certificate and transferable ('WAVE-W1') by allocating to existing shareholders in proportion to their shares before the capital increase at proportion of 10 ordinary shares to 1 warrant. Total number of warrants to be allotted not exceeding 42,120,000 warrants and the exercise price is of Baht 6 per share. The exercise right is 1 warrant per 10 ordinary shares. The warrant has the period of 3 years from the date of issuance and offering.

			As at 31 December 2017		As at 31 December 2018
	Issued	Exercise date	Outstanding warrant Unit	Increase during the period	Outstanding warrant Unit
WAVE-W1	11 May 2017	29 December 2017	42,119,734	-	42,119,734
			42,119,734	-	42,119,734

24 Legal reserve

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
At 1 January	43,872,094	42,120,000	43,872,094	42,120,000
Appropriation during the year	2,923,624	1,752,094	2,923,624	1,752,094
At 31 December	46,795,718	43,872,094	46,795,718	43,872,094

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. The legal reserve is non-distributable.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

25 Components of other comprehensive income

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Other comprehensive income:				
Remeasurements of defined benefit plans	8,142,329	585,184	-	-
Exchange differences on translating foreign Operations	(2,285,849)	181,973	-	-
Share of other comprehensive income (expense) of associates:				
Loss arising during the year	(429,734)	(16,011,187)	-	-
Income tax relating to components of other comprehensive income	(1,628,466)	-	-	-
Other comprehensive income (expense) for the year	<u>3,798,280</u>	<u>(15,244,030)</u>	<u>-</u>	<u>-</u>

26 (Loss) earnings per share

Basic (loss) earnings per share is calculated by dividing the net (loss) profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

The diluted (loss) earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has one category of dilutive potential ordinary shares: warrant.

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net (loss) profit attributable to ordinary shareholders (Baht)	(188,526,441)	(268,316,494)	58,472,488	35,041,872
Weighted average number of ordinary shares in issue during the period (Shares)	456,806,849	421,200,000	456,806,849	421,200,000
Weighted average number of ordinary shares to be issued for warrants WAVE-W1, (Shares) (Note 23)	42,119,734	27,118,185	42,119,734	27,118,185
Weighted average number of ordinary shares including diluted ordinary shares (Shares)	498,926,583	448,318,185	498,926,583	448,318,185
Basics (loss) earnings per share (Baht per share)	(0.41)	(0.64)	0.13	0.08
Diluted (loss) earnings per share (Baht per share)	(0.41)	(0.64)	0.12	0.08

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

27 Other income

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Interest income	1,350,583	2,218,750	44,227,701	36,121,028
Rental income	1,261,415	-	2,225,217	-
Dividends income	125,672	98,342	6,634,812	22,590,842
Management fee income	-	-	51,600,000	39,600,000
Gains on disposal of investments in subsidiaries (Note 13.3)	-	-	4,000,000	18,981,129
Unrealised gain on investments in trading securities	-	60,683	-	60,683
Gain on disposal of property, plant and equipment	7,147,798	341,118	2,546	414
Bad debt recovery	21,138,471	-	-	-
Repair and maintenance services	4,165,493	-	-	-
Other income	15,532,562	24,725,048	1,928,563	4,657,871
Total	50,721,994	27,443,941	110,618,839	122,011,967

28 Expense by nature

The following items, classified by nature, have been charged in arriving at the profit (loss) before finance costs and income tax expense:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Provision for obsolete inventories	53,476	3,026,132	583	675
Depreciation (Note 14)	178,122,384	172,790,553	1,009,797	1,248,350
Amortisation of intangible assets (Note 16)	23,721,232	22,673,850	-	-
Impairment of investment in associates	-	23,075,260	-	-
Provision for employee benefit expense (Note 21)	12,991,234	11,348,563	2,573,102	2,510,753

29 Income tax expense

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Current tax:				
Current tax on profits for the year	36,067,363	20,353,277	-	-
Adjustments in respect of prior year	-	2,183,465	-	-
Total current tax	36,067,363	22,536,742	-	-
Deferred tax:				
Increase in deferred tax assets (Note 17)	(27,092,669)	(4,191,972)	(27,129,999)	-
Decrease in deferred tax liabilities (Note 17)	(2,399,843)	(1,156,338)	-	-
Total deferred tax	(29,492,512)	(5,348,310)	(27,129,999)	-
Income tax expense	6,574,851	17,188,432	(27,129,999)	-

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

29 Income tax expense (Cont'd)

The tax on the Group's (loss) profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
(Loss) profit before tax	(92,951,601)	(235,954,599)	31,342,489	35,041,872
Tax calculated at a tax rate of 20% (2017: 20%)	(18,590,320)	(47,190,920)	6,268,498	7,008,374
Tax effect of:				
Share of profit from associate and joint ventures, net of tax	(3,348,766)	(11,862,921)	-	-
Income not subject to tax	(5,547,323)	(7,632,989)	(1,752,205)	(4,518,168)
Loss not subject to tax	18,566,913	40,029,644	-	-
Expenses not deductible for tax purpose	21,827,449	19,026,205	846,993	240,847
Expenses deductible for tax purpose at greater amount	(2,992,558)	(106,076,628)	(110,086)	(103,506,241)
Recognition of previously unrecognised deferred taxes	(27,129,999)	-	(27,129,999)	-
Deferred tax expense relating to the origination and reversal of temporary differences	368,880	-	-	-
Utilisation of tax loss	(3,065,920)	-	-	-
Utilisation of previously unrecognised tax losses	(5,253,200)	-	(5,253,200)	-
Tax losses for which no deferred income tax asset was recognised	31,739,695	128,712,576	-	100,775,188
Adjustment in respect of prior year	-	2,183,465	-	-
Tax charge	<u>6,574,851</u>	<u>17,188,432</u>	<u>(27,129,999)</u>	<u>-</u>

The weighted average applicable tax rate was 7.07% (2017: 7.28%).

30 Change in liabilities arising from financing activities

	1 January 2017 Baht	Net Cash flow Baht	Non-cash changes - payable arising from finance lease agreement Baht	31 December 2017 Baht
Consolidated financial statements				
Bank overdrafts	23,369,117	8,197,458	-	31,566,575
Short-term borrowings from financial institutions	132,000,000	132,000,000	-	264,000,000
Finance lease liabilities	31,257,004	(11,294,919)	-	19,962,085
Long-term borrowings from financial institutions	944,718,655	(152,454,666)	-	792,263,989
Long-term borrowings from related party	35,460,000	(30,960,000)	-	4,500,000
	<u>1,166,804,776</u>	<u>(54,512,127)</u>	<u>-</u>	<u>1,112,292,649</u>
Separate financial statements				
Bank overdrafts	-	96,999	-	96,999
Short-term borrowings from financial institutions	100,000,000	50,000,000	-	150,000,000
Short-term loan from related party	43,000,000	(31,000,000)	-	12,000,000
Finance lease liabilities	3,486,411	(1,673,484)	-	1,812,927
Long-term borrowings from financial institutions	535,719,061	(113,778,529)	-	421,940,532
	<u>682,205,472</u>	<u>(96,355,014)</u>	<u>-</u>	<u>585,850,458</u>

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

30 Change in liabilities arising from financing activities (Cont'd)

	1 January 2018 Baht	Net Cash flow Baht	Non-cash changes - payable arising from finance lease agreement Baht	31 December 2018 Baht
Consolidated financial statements				
Bank overdrafts	31,566,575	59,042,176	-	90,608,751
Short-term borrowings from financial institutions	264,000,000	(80,000,000)	-	184,000,000
Short-term loan from related party	-	18,500,000	-	18,500,000
Finance lease liabilities	19,962,085	(15,504,037)	14,811,460	19,269,508
Long-term borrowings from financial institutions	792,263,989	(152,922,282)	-	639,341,707
Long-term borrowings from related parties	4,500,000	26,570,240	-	31,070,240
	<u>1,112,292,649</u>	<u>(144,313,903)</u>	<u>14,811,460</u>	<u>982,790,206</u>
Separate financial statements				
Bank overdrafts	96,999	35,316,726	-	35,413,725
Short-term borrowings from financial institutions	150,000,000	(20,000,000)	-	130,000,000
Short-term loan from related party	12,000,000	31,500,000	-	43,500,000
Finance lease liabilities	1,812,927	(2,674,501)	3,794,828	2,933,254
Long-term borrowings from financial institutions	421,940,532	(75,730,762)	-	346,209,770
	<u>585,850,458</u>	<u>(31,588,537)</u>	<u>3,794,828</u>	<u>558,056,749</u>

31 Transaction with non-controlling interest

31.1 Change in non-controlling interests from increasing in capital of a subsidiary

On 23 October 2017, Blue Media Communications Co., Ltd., a subsidiary of the Group, has increased its share capital from Baht 5 million to Baht 55 million. The Group acquired 290,000 shares of Blue Media Communications Co., Ltd. at Baht 100 per share totaling Baht 29 million. After the acquisition, the shareholding interest of the Group in Blue Media Communications Co., Ltd. changed from 60% to 58.18%. This resulted in an increase in non-controlling interests of Baht 21 million

The effect of change in the ownership interest of Blue Media Communications Co., Ltd. and Index Creative Online Co., Ltd. on the equity attributable to owners of the Company during the year is summarised as follows:

	Consolidated financial statements	
	2018 Baht	2017 Baht
Increase in non-controlling interests as a results of shares increase in a subsidiary	-	21,001,000
Decrease in equity attributable to owners from change in percentage of parent's ownership interest in a subsidiary	-	(1,882,666)
Increase in non-controlling interests of the Company from change in percentage of parent's ownership interest in a subsidiary	-	1,882,666
Increase in non-controlling interests	<u>-</u>	<u>21,001,000</u>

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

31 Transaction with non-controlling interest (Cont'd)

31.2 Acquisition of additional interest in a subsidiary

On 29 November 2018, Index Creative Village Public Company Limited, a subsidiary of the Group, acquired the ordinary shares of I C V Company Limited of 495 shares with a par value of USD 100 per share, totalling USD 49,500 or equivalent to Baht 1,664,190 from a subsidiary of the Group. This resulted in an increase in equity attributable to owners of the parent of Baht 1.48 million which recognised as other component of shareholders' equity in the consolidated statement of financial position. After the aforementioned acquisition, the percentage of Index Creative Village Public Company Limited in I C V Company Limited changed to 99 percent.

On 20 March 2017, Index Creative Village Public Company Limited; a subsidiary of the Company acquired 10,500 shares of ICVEX Co., Ltd. at Baht 100 per share totaling Baht 1,050,000 from non-controlling interest. After the acquisition, the shareholding interest of Index Creative Village Public Company Limited in ICVEX Co., Ltd. changed from 89.39% to 99.99%.

The effect of change in the ownership interest on the equity attributable to owners of the Company during the year is summarised as follows:

	Consolidated financial statements	
	2018 Baht	2017 Baht
Carrying amount of non-controlling interests acquired	2,312,402	565,278
Consideration paid to non-controlling interests	(832,095)	(1,050,000)
Exceed of consideration paid recognised in parent's equity	1,480,307	(484,722)

31.3 Disposal of interest in a subsidiary without loss control

On 24 December 2018, the Company disposed 10% interest out of the 50% interest held in Index Creative Village Public Company Limited at a consideration of Baht 47 million. The carrying amount of the non-controlling interests in Index Creative Village Public Company Limited on the date of disposal was Baht 40.69 million (representing 5% interest). This resulted in an increase in non-controlling interests of Baht 40.69 million and an increase in equity attributable to owners of the parent of Baht 6.31 million.

The effect of changes in the ownership interest of Index Creative Village Public Company Limited on the equity attributable to owner of the Company during the year is summarised as follows:

	Consolidated financial statements	
	2018 Baht	2017 Baht
Carrying amount of non-controlling interests disposed of	(40,691,255)	-
Consideration received from non-controlling interests	47,000,000	-
Increase in parent's equity	6,308,745	-

There were no transactions with non-controlling interests in 2017.

31.4 Effects of transactions with non-controlling interests on the equity attributable to owners of the Group during the year is summarized as follows:

	Consolidated financial statements	
	2018 Baht	2017 Baht
Change in non-controlling interests from increasing in capital of a subsidiary	-	21,001,000
Increase in non-controlling interests of the Company from change in percentage of parent's ownership interest in a subsidiary	40,691,255	1,882,666
Acquisition of additional interest in a subsidiary	(1,480,307)	(1,050,000)
Increase in non-controlling interests	39,210,948	21,833,666

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

32 Related party transactions

The major shareholders of the Company are Maleenont family, BEC World Public Company Limited (incorporated in Thailand), and The Mall Group Company Limited (incorporated in Thailand), which owns 24.98%, 12.45%, and 9.99% of the Company's shares, respectively. The remaining 52.58% of the shares are widely held. Details of subsidiaries, associates and joint ventures are set out in Note 13.

The following material transactions were carried out with related parties:

32.1 Sales of goods and services

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Revenue from rendering of services				
Subsidiaries	-	-	-	2,130,704
Associates	-	205,421	-	-
Joint venture	-	183,022,818	-	-
Related companies	-	7,020,057	-	-
	-	190,248,296	-	2,130,704
Other income				
Subsidiaries	-	-	55,559,736	41,573,781
Associates	314,245	359,590	-	-
Joint venture	1,490,631	-	-	-
Related companies	-	242,378	-	-
	1,804,876	601,968	55,559,736	41,573,781
Interest income				
Subsidiaries	-	-	44,052,989	34,347,654
Associates	191,959	207,697	-	-
Joint venture	-	298,555	-	-
	191,959	506,252	44,052,989	34,347,654

32.2 Purchases of goods and services

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Purchase of goods from:				
Related companies	550	555	550	555
Cost of rendering of services				
Associates	5,628,996	3,343,958	-	-
Related companies	-	911,126	-	-
	5,628,996	4,255,084	-	-
Selling and administrative expenses				
Associates	110,398	24,000	-	-
Related companies	7,555,097	6,744,970	6,340,097	6,744,970
	7,665,495	6,768,970	6,340,097	6,744,970
Interest expenses				
Subsidiaries	-	-	1,243,825	647,685
Key management	536,258	-	536,258	-
	536,258	-	1,780,083	647,685

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

32 Related party transactions (Cont'd)

The following material transactions were carried out with related parties: (Cont'd)

32.3 Outstanding balances arising from sales/purchases of goods and services

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Trade accounts receivable (Note 9)				
Associates	1,863,420	-	-	-
Joint venture	7,506,031	31,186,906	-	-
Related companies	-	9,089,753	-	-
	<u>9,369,451</u>	<u>40,276,659</u>	<u>-</u>	<u>-</u>
Other receivable (Note 9)				
Subsidiaries	-	-	100,022,669	48,178,644
	<u>-</u>	<u>-</u>	<u>100,022,669</u>	<u>48,178,644</u>
Advance payment				
Subsidiaries	-	-	-	962,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>962,000</u>
Accrued income				
Associates	-	1,470,543	-	-
	<u>-</u>	<u>1,470,543</u>	<u>-</u>	<u>-</u>
Accrued interest income				
Subsidiaries	-	-	80,843,625	38,983,798
	<u>-</u>	<u>-</u>	<u>80,843,625</u>	<u>38,983,798</u>
Prepaid expense				
Associates	-	1,188,000	-	-
	<u>-</u>	<u>1,188,000</u>	<u>-</u>	<u>-</u>
Trade and other payable (Note 20)				
Associates	2,568,040	1,923,013	-	-
Related companies	687,037	840,998	588	-
	<u>3,255,077</u>	<u>2,764,011</u>	<u>588</u>	<u>-</u>
Accrued expenses				
Related companies	709,470	665,490	709,470	665,490
	<u>709,470</u>	<u>665,490</u>	<u>709,470</u>	<u>665,490</u>
Accrued interest expenses				
Subsidiaries	-	-	1,061,798	674,113
Key management	536,258	-	536,258	-
	<u>536,258</u>	<u>-</u>	<u>1,598,056</u>	<u>674,113</u>

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

32 Related party transactions (Cont'd)

32.4 Short-term loans to related parties

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Loan to:				
Subsidiaries	-	-	992,952,900	840,452,900
Associates	-	2,750,000	-	-
	-	2,750,000	992,952,900	840,452,900

Movements in short-term loans to related parties are analysed as follows:

	Consolidated financial statements	Separate financial statements
	Baht	Baht
For the years ended 31 December 2018		
Opening amount as at 1 January 2018	2,750,000	840,452,900
Addition during the year	-	152,500,000
Loan repayment during the year	(50,000)	-
Allowance for impairment	(2,700,000)	-
Closing amount as at 31 December 2018	-	992,952,900

The loans to subsidiaries are denominated in Thai Baht, bearing interest rate of MLR rate less 2.25%, per annum and MOR rate less 6.88% per annum, and there was no specified repayment date.

The loans to associated companies are denominated in Thai Baht, bearing interest rate of 7% to 7.13% per annum, and there was no specified repayment date.

32.5 Short-term borrowings from related parties

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Loan from:				
Subsidiaries	-	-	25,000,000	12,000,000
Key Management	18,500,000	-	18,500,000	-
	18,500,000	-	43,500,000	12,000,000

Movements in short-term borrowings from related parties are analysed as follows:

	Consolidated financial statements	Separate financial statements
	Baht	Baht
For the years ended 31 December 2018		
Opening amount as at 1 January 2018	-	12,000,000
Addition during the year	18,500,000	93,500,000
Loan repayment during the year	-	(62,000,000)
Closing amount as at 31 December 2018	18,500,000	43,500,000

The loans from subsidiaries are denominated in Thai Baht, bearing interest rate of bank fixed deposits rate plus 0.25 per annum, and there was no specified repayment date.

The loans from Key management are denominated in Thai Baht, bearing interest rate of 4% per annum, and due repayable in 2019.

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

32 Related party transactions (Cont'd)

32.6 Long-term borrowings from related parties

	Consolidated financial statements	
	2018 Baht	2017 Baht
Long-term borrowings from:		
Current portion of long-term borrowings from related parties (Note 19)	17,455,875	-
Long-term borrowings from related parties payable between 1 to 5 years (Note 19)	13,614,365	4,500,000
	<u>31,070,240</u>	<u>4,500,000</u>

Movements in long-term borrowings from related parties are analysed as follows:

	Consolidated financial statements
	Baht
For the year ended 31 December 2018	
Opening amount as at 1 January 2018	4,500,000
Addition during the year	35,000,000
Repayment during the year	<u>(8,429,760)</u>
Closing amount as at 31 December 2018	<u>31,070,240</u>

The loans from related parties are denominated in Thai Baht, bearing interest rate of 4.25% to 6.75% per annum (2017: 6.50% to 6.75% per annum) and due for repayment on a semi-annually basis up to year 2020.

32.7 Key management compensation

The compensation paid or payable to key management is as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
For the year ended 31 December				
Short-term employee benefits	65,196,965	67,876,759	32,174,747	33,093,456
Post-employment benefits	3,354,128	3,200,811	2,160,688	2,137,867
	<u>68,551,093</u>	<u>71,077,570</u>	<u>34,335,435</u>	<u>35,231,323</u>

Wave Entertainment Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

33 Commitments and contingencies

33.1 Guarantee

As at 31 December 2018, the Company provided guarantee on behalf of its subsidiary for sales and leaseback contracts amounting to Baht 10.33 million (2017: Baht 8.32 million) (Note 19.3).

33.2 Bank Guarantee

As at 31 December 2018, there are outstanding bank guarantee given on behalf of the Group to the third parties in respect of construction contracts and business operation amounting to Baht 56.20 million (2017: Baht 47.80 million) and amounting to Baht 1.25 million (2017: Baht 1.47 million) respectively.

33.3 Commitment for franchise fees

As at 31 December 2018, the Group has the following commitments to pay on-going fees for operations of language institutions;

33.3.1 On-going fee at 7% of the gross revenue of its language institution

33.3.2 On-going franchise fee at 20% of the gross revenue of its language institution's franchisee.

33.4 Operating lease commitments - where the Group is the lessee

The Group entered into long-term lease agreements to lease spaces in department stores and building for various lease terms.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Not later than 1 year	186,004,363	182,166,677	5,120,736	5,120,736
Later than 1 year but not later than 5 years	138,227,012	161,588,640	234,012	5,354,748
Later than 5 years	-	1,005,810	-	-
	<u>324,231,375</u>	<u>344,761,127</u>	<u>5,354,748</u>	<u>10,475,484</u>

34 Event occurs after the reporting date

At the Extraordinary General Meeting of shareholders of Media Vision (1994) Co., Ltd., a subsidiary of the Group on 16 January 2019, the meeting approved dividends in respect of the operating results for 2018 of Baht 24.46 per share, totalling Baht 9.50 million. The dividend was paid to the shareholders on 17 January 2019.

13. Management Discussion, Analysis of Financial Positions and Operating Results

13.1 Management Discussion, Analysis of Financial Positions and Operating Results

Operating Results

In 2018, the Group had total revenues of THB 2,454.79 million, an increase of THB 47.62 million. Cost of sales and rendering of services was THB 1,601.50 million, a decrease of THB 114.57 million. Gross margin was THB 853.29 million or 35% of total revenues. Selling and administrative expenses slightly increased by THB 3.59 million, financial costs slightly decreased by THB 3.69 million and share of profit from associates and joint ventures decreased by THB 42.57 million, compared to the previous year. As a result, the Group had net loss for the year of THB 99.53 million. The net loss included depreciation and amortization of intangible assets, which are non – cash items, of THB 201.84 million and share of profit from associates and joint ventures of THB 16.74 million. If finance cost of THB 52.20 million and tax expense of THB 6.57 million were excluded, the Company's earnings before interest, taxes, depreciation and amortization (EBITDA) would be equivalent to THB 144.34 million in the year 2018.

- **Sale and service revenues**

In 2018, the Group had total revenues of THB 2,454.79 million, an increase of THB 47.62 million or 2% increase year-on-year. The breakdown of total revenues by business units are as set out below.

1. **English language school business in the amount of THB 529.10 million**

The Group operates English language school under the name “Wall Street English”. The revenues from English language school is recognized according to the international accounting standard which recognizes revenue gradually according to contracts period entered into between students and the Group. Although economic conditions have not improved and private sector and retail consumers are cautious on their spending, cash sales of the English language school business had improved compared to the previous year. The same store sales growth rate was at 15%. The Group also opened 3 new branches in 2018, namely Maya Shopping Center branch in Chiangmai, Central Rama 2 branch, and The Mall Bangkok branch. The annual growth rate of cash sales was at 30%, which had resulted in an increase in revenues from English language school business by THB 130.30 million to THB 529.10 million or 33% increase year-on-year.

In addition, the Group has a plan to open 2 new medium-sized branches in area of not exceeding 300 square meters within the year 2019. One of the branches will be at Central Chaengwattana and is expected to officially open in Quarter 2 of 2019. The other branch will be located in inner Bangkok and is expected to open within Quarter 4 of 2019.

Since the Group was granted the exclusive right as master franchisee of English language school business under the name “Wall Street English” in Thailand, Laos, and Cambodia. Many investors have expressed interest in the business. The Group has a plan to open not less than 5 franchisee branches outside Bangkok in the year 2019.

2. **Restaurant business in the amount of THB 593.52 million**

The Group operates restaurants under the name “Jeffer Steak and Seafood”. At present, there are 64 restaurants nationwide with 27 restaurants in Bangkok and 37 restaurants in other provinces. Since the Group's policy is to be more cautious on opening of new branches, the Group opened a new branch in Fashion Island Department Store in Quarter 2 of the year 2018. As economic conditions had not improved and some lease agreements had expired, revenues from restaurant business did not meet the target. The Group closed 14 non-performing branches in the year 2018. As a result, the revenue decreased by THB 33.69 million or 5% decrease year-on-year.

In addition, the Group is conducting feasibility study on the opportunity to franchise the restaurant business under the name “Jeffer Steak and Seafood” to investors. Many investors from Thailand and overseas had directly contacted the Group on such opportunity. The Group expects to have more developments on this opportunity within 2019.

3. Entertainment and marketing activities business in the amount of THB 1,332.17 million

In 2018, revenues from entertainment and marketing activities business had decreased by THB 48.99 million or 4% decrease year-on-year. This was due to the Group recorded bit projects awarded by public and private sectors in 2017 such as World Expo in Astana, Kazakhstan which was awarded by the government, Digital Thailand Big Bang in Muang Thong Thani. The Group is proud to be awarded by Thai government to again organize World Expo in Dubai, United Arab Emirates, which will be held in 2020. The Group has recorded partial revenues according to the accounting standards from Quarter 4 of 2018 onwards.

- **Cost of sales and rendering of services**

In 2018, the Group had total costs of THB 1,601.50 million with a decrease of THB 114.57 million or 7% decrease year-on-year. This was due to its effort to control costs and achieve operational efficiency in all business units.

- **Overall expenses**

The selling and administrative expenses was THB 961.51 million, a slight increase of THB 3.59 million or 0.4% increase year-on-year from continuous efforts of the Group to control and reduce costs in all business units. The Group targets to control and reduce costs every year in order to improve its performance. In addition, the Group had financial costs of THB 52.20 million, a decrease of THB 3.69 million or 7% compared to last year due to partial repayment of loan in the year 2018.

- **Share of profit from associates and joint ventures**

In 2018, the Group recorded share of profit from associates and joint ventures of THB 16.74 million, a decrease of THB 42.57 million or 72% due to the reduction in recognition of share of profit from investment in TSE since TSE made impairment of its thermal power plant.

Financial Positions

- **Assets**

The financial positions of the Group as of 31 December 2018 included total assets of THB 3,271.14 million with an increase of THB 65.01 million or 2% increase year-on-year. The details of major assets are as follows:

- **Cash and cash equivalents and short-term investments**

The Group had cash and cash equivalents and short-term investments of THB 184.89 million or 6% of total assets, with a slight decrease of THB 40.34 million year-on-year.

- **Trade and other receivables – net**

In 2018, the Company had net trade and other receivables of THB 378.57 million or 12% of total assets, a slight increase of THB 10.95 million or 3% year-on-year due to increase of trade receivables and accrued income from creative and marketing communication management service business.

- **Inventories**

The Group had managed its remaining inventories well. At the end of 2018, the Group had remaining inventories of THB 27.14 million or 1% of the total assets, a slight decrease of THB 3.58 million compared to the last year due to decrease of packaging and raw material for restaurant business.

○ Television programs, concerts, programs under production

The Group had television programs soap opera under production at the end of 2018 in the amount of THB 24.51 million, an increase of 134% year-on-year due to the programs being under production process and will be delivered on air within 2019.

○ Investment in associates and joint ventures

Investment in associates and joint ventures was THB 479.68 million or 15% of the total assets, a slight decrease of THB 1.60 million. Most of the investments are investments in TSE and the creative and marketing communication management services, Index.

○ Property, plant and equipment

Property, plant and equipment was THB 705.45 million or 22% of the total assets, an increase of THB 90.88 million compared to the previous year. The increase was due to values of decoration and office equipment as WSE, the education business, opened 3 new branches in 2018, namely Maya Shopping Center branch in Chiangmai, Central Rama 2 branch, and The Mall Bangkok branch and investment in lighting and sound equipment for leasing by Index, the creative and marketing communication management services

○ Goodwill

Goodwill is the value expected to be returned to the Company from its acquired business. At the end of 2018, the Group had goodwill of THB 923.17 million or 28% of the total assets, consisting of English language school business of THB 389.55 million, restaurant business of THB 408.59 million and creative and marketing communication management services of THB 125.02 million. The Group will test impairment of goodwill every year to be in accordance with the current accounting standards.

○ Intangible assets

Intangible assets consisted of copyrights, computer programs, relationship with relevant clients and trademarks. As at the end of 2018, the Group had intangible assets of THB 242.44 million or 7% of the total assets, a slight decrease of THB 1.16 million.

○ Deferred tax assets

Deferred tax assets was THB 55.88 million or 2% of the total assets, an increase of THB 25.46 million year-on-year due to increase in the Company's deferred tax assets which is expected to not use in the future.

○ Other non-current assets

Other non-current assets accounted for THB 182.21 million or 6% of the total assets, a slight decrease of THB 3.45 million. The decrease was caused by reduction in the amount of security deposits as the Group closed certain restaurant branches of which lease agreements had expired.

● **Liabilities**

As at 31 December 2018, the Group had total liabilities of THB 1,857.37 million, a decrease of THB 35.43 million compared to the previous year. The decrease was due to repayment of loan by the Group.

● **Shareholders' Equity**

In 2018, the Company issued 46,750,000 new ordinary shares to The Mall Group at the selling price of THB 3.85 per share. As a result, share premium had increased to THB 133.24 million. However, since the Group's operating performance has not met the targeted performance, as at 31 December 2018, equity attributable to owners of the parent was THB 839.53 million, a slight increase of THB 0.93 million compared to that of the year 2017.

The capital structure of the Group as of 31 December 2018 is as follows:

- Shareholders' equity of THB 1,413.78 million or 43% of the total assets;
- Equity attributable to owners of the parent (exclusive of non-controlling interests) of THB 839.53 million or 26% of the total assets;
- Total liabilities of THB 1,857.37 million or 57% of the total assets

Key financial ratios are as follows:

- Debt to equity (inclusive of non-controlling interests) ratio of 1.31 times, a decrease compared to the previous year ratio of 1.44 times;
- Debt to equity attributable to owners of the parent (exclusive of non-controlling interests) of 2.21 times, a decrease compared to the previous year ratio of 2.26 times;
- Interest-bearing debt to shareholders' equity (exclusive of non-controlling interests) of 1.17 times, a decrease compared to the previous year ratio of 1.33 times;
- Book value of net assets is THB 3.02 per share, a decrease from the previous year value which was equivalent to THB 3.12 per share;
- Basic loss per share of THB 0.41, a decrease from the last year basic earnings per share of THB 0.64.

Cashflows

In 2018, the Company and its subsidiaries had cash and cash equivalents of THB 179.17 million, a decrease of THB 24.50 million compared to the previous year. Details of cash spent on each business activity are as follows:

- In respect of operating activities, the Group had net cash flows generated from operating activities of THB 145.10 million or an increase of THB 215.84 million compared to the previous year. This was largely due to increase in revenue from operation.
- In respect of investing activities, the Group had net cash flows used in investing activities of THB 172.17 million or an increase of THB 236.30 million compared to the previous year. This was due to investment for opening new branches and purchase of land, property and equipment for English language school business and creative and marketing communication management services.
- In respect of financing activities, the Group had net cash flows generated from financing activities of THB 4.85 million or an increase of THB 58.12 million due to the issuance of new shares and repayment of loan due in the year 2018.

13.2 Risk Factors which may impact profits of the Company in the future

None