

14 August 2018

Subject : Management's Discussion and Analysis for the six-month period ending 30 June 2018 operating results that varied more than 20% compared to the same period of 2017

To : The President of the Stock Exchange of Thailand

The Company would like to provide details of changes in Profit and Loss as shown in the six-month period ending 30 June 2018 reviewed consolidated financial statements of Wave Entertainment Plc. as follows:

Q2/2018

(THB'mm)	Q2/2018		Q2/2017		Changed	
	THB'mm	%	THB'mm	%	THB'mm	%
Revenue Segment Information						
Entertainment and marketing activities	181.82	39%	335.35	56%	(153.53)	-46%
Restaurant	155.32	33%	161.07	27%	(5.75)	-4%
Language institute	127.70	28%	97.94	17%	29.76	30%
Total Revenue	464.84	100%	594.36	100%	(129.52)	-22%
Cost	312.62	67%	421.47	71%	(108.85)	-26%
Gross profit	152.21	33%	172.89	29%	(20.68)	-12%
Selling and admins expenses	(213.32)	-46%	(222.26)	-37%	(8.94)	-4%
Financial cost	(12.66)	-3%	(13.84)	-2%	(1.18)	-9%
Tax	(6.23)	-1%	(5.61)	-1%	0.62	11%
Shares of Profit from Asso and JV	9.10	2%	19.13	3%	(10.03)	-52%
Net Profit (loss)	(70.91)	-15%	(49.69)	-8%	21.22	43%
Profit (loss) attributable to						
Owner of the parent	(60.72)	-13%	(63.81)	-11%	(3.09)	-5%
Non-controlling interest	(10.19)	-2%	14.12	2%	(24.31)	-172%
Profit (loss)	(70.91)	-15%	(49.69)	-8%	21.22	43%

The Group's total revenue for the second quarter 2018 was at THB 464.84 million, decreasing by THB 129.52 million or 22% drop from the same period of last year. Details of revenue in each business are:

- Entertainment and Marketing activities business decreased THB 153.53 million, down 46% compared to the same period of last year. There was no big project from public and private sector in this quarter while there were many big projects from public sector such as World Expo in Astana, Kazakhstan and Digital Thailand Big Bang at Muang Thong Thani in the past year. Some revenue from the big projects in this year will be subsequently recognized in this third and fourth quarter this year.
- Restaurant business slightly decreased THB 5.75 million, down 4% compared to the same period of last year mostly from the decline in household spending and closure of 1 non-profitable branch in this quarter. However, there were one new branch opened at Fashion Island in June and 2 branches renovated at City Mall Ubon Ratchathani and Platinum Water Gate in order to be in line with Jeffer brand image and corporate identity.

- Language institute business increased THB 29.76 million, up 30% compared to the same period of last year as a result of effective marketing campaigns leading to strong response from target groups. There were also 2 new center launches: Maya shopping center in Chiangmai and Central Plaza Rama 2, all contributing to the growth in this quarter revenue recognition compared to last year. Moreover, one more center will be opened at The Mall Bangkok in the third quarter.

The Group's total costs for Q2/2018 was at Baht 312.62 million, decrease of Baht 108.85 million or 26% down from the previous year. The decrease in costs was in line with the decrease in revenue from the creation and management of integrated marketing communications business. As a result, Gross Profit margin stands at 33% of total revenue (or Baht 152.21 million) which was higher than last year at 29%, a decrease of 12% or Baht 20.68 million from the previous year.

Total selling and administrative expenses for Q2/2018 were at Baht 213.32 million, down Baht 8.94 million (-4%) from the same period of last year. This included depreciation and amortization of Baht 49.23 million. There was a Baht 1.18 million decreases in financial costs due to partial loan repayment in this year.

Share of profit from associates and joint ventures decreased by Baht 10.03 million from the same period of last year to Baht 9.10 million in Q2/2018, resulting in the Group's net loss of Baht 70.91 million. Loss attributable to the owner of the parent was Baht 60.72 million.

1H/2018

(THB'mm)	1H/2018		1H/2017		Changed	
	THB'mm	%	THB'mm	%	THB'mm	%
Revenue Segment Information						
Entertainment and marketing activities	489.02	48%	633.76	55%	(144.74)	-23%
Restaurant	301.72	29%	314.63	28%	(12.91)	-4%
Language institute	238.18	23%	198.57	17%	39.61	20%
Total Revenue	1,028.92	100%	1,146.96	100%	(118.04)	-10%
Cost	674.91	66%	813.64	71%	(138.73)	-17%
Gross profit	354.01	34%	333.32	29%	20.69	6%
Selling and admins expenses	(420.05)	-41%	(453.97)	-40%	(33.92)	-7%
Financial cost	(26.24)	-3%	(27.89)	-2%	(1.65)	-6%
Tax	(13.37)	-1%	(5.92)	-1%	7.45	126%
Shares of Profit from Asso and JV	21.73	2%	32.13	3%	(10.40)	-32%
Net Profit (loss)	(83.92)	-8%	(122.33)	-11%	(38.41)	-31%
Profit (loss) attributable to						
Owner of the parent	(114.53)	-11%	(139.01)	-12%	(24.48)	-18%
Non-controlling interest	30.61	3%	16.68	1%	13.93	84%
Profit (loss)	(83.92)	-8%	(122.33)	-11%	(38.41)	-31%

The Group's total revenue for the first half 2018 was at Baht 1,028.92 million, decreasing by Baht 118.04 million or a 10% decline from the same period of last year due to decreasing in revenue from the Entertainment and Marketing activities business and the Restaurant business of THB 144.74 million and THB 12.91 million or down 23% and 4% respectively compare to the same period of last year. In the meantime, increase in revenue from the Language institute business of THB 39.61 million or up 20% compare to the same period of last year.

The Group's total costs for the first half 2018 was at Baht 674.91 million, decreased by Baht 138.73 million from the previous year. The decrease was mainly from the creation and management of integrated marketing communications business which in line with their revenue. As a result, Gross Profit margin stands at 34% (Baht 354.01 million) of total revenue which was higher than last year at 29%, an increase of 6% or Baht 20.69 million from the previous year.

Total selling and administrative expenses for the first half 2018 were at Baht 420.05 million, down Baht 33.92 million (-7%) from the same period of last year. This included depreciation and amortization of Baht 96.65 million. There was a Baht 1.65 million decreases in financial costs compared to last year, mainly from partial loan repayment this year.

Share of profit from associates and joint ventures decreased by Baht 10.04 million from the same period of last year to Baht 21.73 million in 1H/2018 as a result of the Group's first half 2018 net loss of Baht 83.92 million, a decrease of Baht 38.41 million from the same period a year of THB 122.33 million with loss attributable to the owner of the parent at Baht 114.53 million, a decrease of Baht 24.48 million compared to the same period of last year.

As of 30 June 2018, the Group's total asset was at Baht 3,186.46 million, a slight decreasing by Baht 19.67 million from the prior year. Total Liabilities decreased Baht 109.93 million due to partial loan repayment and increase in Equity of Baht 90.26 million compared to the same period of last year mainly from capital increase by Private Placement issuance in Q1 this year.

Please be informed accordingly,

Yours sincerely,



Ms. Piyawadee Maleenont

Executive Director