

MAJOR CINEPLEX GROUP PUBLIC COMPANY LIMITED

CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

31 DECEMBER 2011

AUDITOR'S REPORT

To the Shareholders of Major Cineplex Group Public Company Limited

I have audited the accompanying consolidated and company statements of financial position as at 31 December 2011, and the related consolidated and company income statements, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended of Major Cineplex Group Public Company Limited and its subsidiaries and of Major Cineplex Group Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated and company financial statements for the year ended 31 December 2010 of Major Cineplex Group Public Company Limited and its subsidiaries and of Major Cineplex Group Public Company Limited, respectively, were audited by another independent auditor of the same firm as myself, whose report, dated 24 February 2011, expressed an unqualified opinion on those statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position as at 31 December 2011, and the consolidated and company results of operations and cash flows for the year then ended of Major Cineplex Group Public Company Limited and its subsidiaries and of Major Cineplex Group Public Company Limited, respectively, in accordance with generally accepted accounting principles.

Pisit Thangtanagul
Certified Public Accountant (Thailand) No. 4095
PricewaterhouseCoopers ABAS Ltd.

Bangkok
16 February 2012

Major Cineplex Group Public Company Limited
Statements of Financial Position
As at 31 December 2011 and 2010

Unit: Baht

	Notes	Consolidated		Company	
		2011	2010	2011	2010
Assets					
Current assets					
Cash and cash equivalents	7	460,800,247	202,163,428	358,312,884	138,858,249
Short-term investment	8	50,595,828	48,526,268	50,595,828	48,526,268
Trade account and other receivables	9	1,090,004,044	967,073,390	782,886,695	790,522,366
Short-term loans to related parties	33	-	-	475,369,892	8,891,035
Inventories, net	10	153,850,831	134,615,650	33,255,926	19,363,608
Films under production		17,799,723	10,772,709	-	-
Current portion of prepaid rents	16	34,657,257	35,105,240	9,472,507	9,472,507
Other current assets	11	184,660,948	157,172,079	36,317,087	36,365,113
Total current assets		1,992,368,878	1,555,428,764	1,746,210,819	1,051,999,146
Non-current assets					
Available-for-sale investment	8	177,457,846	278,094,853	177,457,846	278,094,853
Restricted cash		5,989,137	5,921,874	-	-
Finance lease receivables		12,381,352	10,470,237	-	-
Account receivable - long-term contract		38,788,773	55,867,666	38,788,773	55,867,666
Investment in subsidiaries, net	12	-	-	1,911,916,647	1,878,640,243
Investment in associates, net	12	1,977,166,901	2,205,262,747	1,792,353,449	1,878,745,369
Interest in joint ventures	12	113,228,869	61,248,911	103,119,735	55,519,755
Long-term loans to related parties	33	10,695,183	14,288,197	1,274,419,154	1,696,078,572
Property, plant and equipment, net	13	5,180,795,378	5,406,004,733	2,268,640,894	2,339,240,377
Goodwill, net	14	342,112,936	338,408,261	-	-
Intangible assets, net	15	424,759,957	418,346,511	30,062,430	30,571,572
Long-term prepaid rents	16	555,324,895	589,982,152	178,348,386	187,820,893
Other non-current assets	17	156,765,502	81,058,120	124,468,205	53,805,810
Total non-current assets		8,995,466,729	9,464,954,262	7,899,575,519	8,454,385,110
Total assets		10,987,835,607	11,020,383,026	9,645,786,338	9,506,384,256

Director _____

Director _____

The accompanying notes on pages 11 to 69 are an integral part of these consolidated and company financial statements.

Major Cineplex Group Public Company Limited
Statements of Financial Position (Cont'd)
As at 31 December 2011 and 2010

		Unit: Baht			
		Consolidated		Company	
Notes		2011	2010	2011	2010
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term					
	borrowings from financial institutions	19	473,121,537	497,380,063	- 299,807,904
	Trade account and other payables	18	1,260,879,916	1,177,589,125	908,306,016 854,679,115
	Current portion of long-term borrowings	19	1,546,393,362	158,703,618	1,540,048,220 27,752,260
	Short-term loans from related parties	33	-	-	65,607,579 87,408,126
	Accrued income tax		82,854,356	64,252,757	52,916,986 23,976,134
	Other current liabilities	20	142,112,152	117,812,831	42,836,904 24,699,125
Total current liabilities			3,505,361,323	2,015,738,394	2,609,715,705 1,318,322,664
Non-current liabilities					
Long-term borrowings from financial					
	institutions	19	967,003,723	2,434,191,175	960,859,937 2,392,207,712
	Long-term borrowings from related parties	33	-	440,126,829	- 507,938,295
	Employee benefit obligations	21	16,532,500	-	9,191,596 -
	Other non-current liabilities	22	442,522,322	456,814,938	20,252,901 20,808,990
Total non-current liabilities			1,426,058,545	3,331,132,942	990,304,434 2,920,954,997
Total liabilities			4,931,419,868	5,346,871,336	3,600,020,139 4,239,277,661
Shareholders' equity					
Share capital					
	23				
Authorised share capital					
	Ordinary shares, 906,000,000 shares				
	at par value of Baht 1 each	906,000,000	906,000,000	906,000,000	906,000,000
Issued and fully paid-up share capital					
	Ordinary shares, 881,897,219 shares				
	at par value of Baht 1 each	23	881,897,219	881,897,219	881,897,219 881,897,219
	Share premium	23	3,839,673,605	3,839,673,605	3,839,673,605 3,839,673,605
	Share premium - treasury shares	23	288,424,625	-	288,424,625 -
Retained earnings					
Appropriated					
	Legal reserve	25	90,600,000	90,600,000	90,600,000 90,600,000
	Reserve for treasury shares	23	-	267,920,095	- 267,920,095
	Unappropriated		928,699,746	780,529,813	1,074,926,216 511,225,098
	<u>Less</u> Treasury shares	23	-	(267,920,095)	- (267,920,095)
Other components of shareholders' equity			(129,755,466)	(56,289,327)	(129,755,466) (56,289,327)
Equity attributable to owners of the parent			5,899,539,729	5,536,411,310	6,045,766,199 5,267,106,595
	Non-controlling interest	26	156,876,010	137,100,380	- -
Total shareholders' equity			6,056,415,739	5,673,511,690	6,045,766,199 5,267,106,595
Total liabilities and shareholders' equity			10,987,835,607	11,020,383,026	9,645,786,338 9,506,384,256

The accompanying notes on pages 11 to 69 are an integral part of these consolidated and company financial statements.

Major Cineplex Group Public Company Limited
Income Statements
For the years ended 31 December 2011 and 2010

	Notes	Unit: Baht			
		Consolidated		Company	
		2011	2010	2011	2010
Revenues					
Services income		5,083,484,304	4,476,388,018	2,871,468,072	2,243,183,636
Sales		1,664,643,522	1,544,695,770	623,420,995	434,673,657
Total revenues		6,748,127,826	6,021,083,788	3,494,889,067	2,677,857,293
Costs					
Cost of providing services		(3,471,589,976)	(2,996,908,059)	(2,113,393,068)	(1,636,006,438)
Cost of sales		(945,867,710)	(947,602,108)	(222,417,373)	(153,793,755)
Total costs		(4,417,457,686)	(3,944,510,167)	(2,335,810,441)	(1,789,800,193)
Gross profit		2,330,670,140	2,076,573,621	1,159,078,626	888,057,100
Other operating income	27	137,918,693	142,843,453	1,039,714,499	340,371,879
Selling expenses		(450,757,771)	(389,593,933)	(171,998,767)	(133,881,567)
Administrative expenses		(1,066,217,273)	(1,117,249,481)	(597,322,612)	(585,966,791)
Finance costs	29	(144,035,424)	(138,411,197)	(120,422,145)	(113,877,343)
Share of profit of investments in associates and joint ventures	12	212,332,032	328,288,516	-	-
Profit before income tax		1,019,910,397	902,450,979	1,309,049,601	394,703,278
Income tax		(217,598,173)	(125,644,223)	(121,435,287)	(46,903,253)
Profit for the year		802,312,224	776,806,756	1,187,614,314	347,800,025
Attributable profit to:					
Shareholders of the parent		781,670,903	761,988,752	1,187,614,314	347,800,025
Non-controlling interest	26	20,641,321	14,818,004	-	-
		802,312,224	776,806,756	1,187,614,314	347,800,025
Earnings per share					
	30				
Basic earnings per share		0.90	0.91	1.37	0.41
Diluted earnings per share		0.90	0.91	1.37	0.41

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Major Cineplex Group Public Company Limited
Statements of Comprehensive Income
For the years ended 31 December 2011 and 2010

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Profit for the year	802,312,224	776,806,756	1,187,614,314	347,800,025
Other comprehensive income:				
Loss on remeasuring of available-for-sale investments (Note 8)	(73,466,139)	(51,515,929)	(73,466,139)	(51,159,320)
Other comprehensive expense for the year, net of income tax	(73,466,139)	(51,515,929)	(73,466,139)	(51,159,320)
Total comprehensive income for the year	<u>728,846,085</u>	<u>725,290,827</u>	<u>1,114,148,175</u>	<u>296,640,705</u>
Total comprehensive income attributable to:				
Shareholders of the parent	708,204,764	710,472,823	1,114,148,175	296,640,705
Non-controlling interest	20,641,321	14,818,004	-	-
	<u>728,846,085</u>	<u>725,290,827</u>	<u>1,114,148,175</u>	<u>296,640,705</u>

The accompanying notes on pages 11 to 69 are an integral part of these consolidated and company financial statements.

Major Cineplex Group Public Company Limited
Statements of Changes in Shareholders' Equity
For the years ended 31 December 2011 and 2010

	Unit: Baht										
	Consolidated										
	Attributable to owners of the parent										
				Retained earnings			Other components of shareholders' equity				
				Appropriated			Other comprehensive income				
	Issued and paid-up share capital	Share premium	Share premium - Treasury shares	Legal reserve	Treasury shares reserve	Unappropriated	Treasury shares	Available-for-sale investment	Total shareholders of the Company	Non-controlling interest	Total shareholders' equity
Opening balance as at 1 January 2010	881,897,219	3,839,673,605	-	90,600,000	267,920,095	481,080,203	(267,920,095)	(4,773,398)	5,288,477,629	100,444,238	5,388,921,867
Changes in shareholders' equity for year											
Disposal of investment in subsidiaries	-	-	-	-	-	-	-	-	-	21,838,138	21,838,138
Dividends payment (Note 31)	-	-	-	-	-	(462,539,142)	-	-	(462,539,142)	-	(462,539,142)
Total comprehensive income for the year	-	-	-	-	-	761,988,752	-	(51,515,929)	710,472,823	14,818,004	725,290,827
Closing balance as at 31 December 2010	<u>881,897,219</u>	<u>3,839,673,605</u>	<u>-</u>	<u>90,600,000</u>	<u>267,920,095</u>	<u>780,529,813</u>	<u>(267,920,095)</u>	<u>(56,289,327)</u>	<u>5,536,411,310</u>	<u>137,100,380</u>	<u>5,673,511,690</u>
Opening balance as at 1 January 2011	881,897,219	3,839,673,605	-	90,600,000	267,920,095	780,529,813	(267,920,095)	(56,289,327)	5,536,411,310	137,100,380	5,673,511,690
Retrospective adjustment from change in accounting policy (Note 2)	-	-	-	-	-	(17,281,494)	-	-	(17,281,494)	(1,098,538)	(18,380,032)
Opening balance after adjustment	881,897,219	3,839,673,605	-	90,600,000	267,920,095	763,248,319	(267,920,095)	(56,289,327)	5,519,129,816	136,001,842	5,655,131,658
Changes in shareholders' equity for year											
Disposal of treasury shares during the year	-	-	288,424,625	-	(267,920,095)	267,920,095	267,920,095	-	556,344,720	-	556,344,720
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	5,530,217	5,530,217
Addition investment in subsidiary by purchasing shares from non-controlling interest	-	-	-	-	-	(344,161)	-	-	(344,161)	(932,242)	(1,276,403)
Dividends payment (Note 31)	-	-	-	-	-	(883,795,410)	-	-	(883,795,410)	(4,365,128)	(888,160,538)
Total comprehensive income for the year	-	-	-	-	-	781,670,903	-	(73,466,139)	708,204,764	20,641,321	728,846,085
Closing balance as at 31 December 2011	<u>881,897,219</u>	<u>3,839,673,605</u>	<u>288,424,625</u>	<u>90,600,000</u>	<u>-</u>	<u>928,699,746</u>	<u>-</u>	<u>(129,755,466)</u>	<u>5,899,539,729</u>	<u>156,876,010</u>	<u>6,056,415,739</u>

The accompanying notes on pages 11 to 69 are an integral part of these consolidated and company financial statements.

Major Cineplex Group Public Company Limited
 Statements of Changes in Shareholders' Equity (Cont'd)
 For the years ended 31 December 2011 and 2010

	Unit: Baht								
	Company								
	Retained earnings					Other components of shareholders' equity		Total shareholder's equity	
	Appropriated		Unappropriated			Other comprehensive income			
	Issued and paid-up share capital	Share premium	Share premium - Treasury share	Legal reserve	Treasury shares reserve	Treasury shares	Available-for-sale investment		
Opening balance as at 1 January 2010	881,897,219	3,839,673,605	-	90,600,000	267,920,095	625,964,215	(267,920,095)	(5,130,007)	5,433,005,032
Changes in shareholders' equity for year									
Dividends payment (Note 31)	-	-	-	-	-	(462,539,142)	-	-	(462,539,142)
Total comprehensive income for the year	-	-	-	-	-	347,800,025	-	(51,159,320)	296,640,705
Closing balance as at 31 December 2010	<u>881,897,219</u>	<u>3,839,673,605</u>	<u>-</u>	<u>90,600,000</u>	<u>267,920,095</u>	<u>511,225,098</u>	<u>(267,920,095)</u>	<u>(56,289,327)</u>	<u>5,267,106,595</u>
Opening balance as at 1 January 2011	881,897,219	3,839,673,605	-	90,600,000	267,920,095	511,225,098	(267,920,095)	(56,289,327)	5,267,106,595
Retrospective adjustment from change in accounting policy (Note 2)	-	-	-	-	-	(8,037,881)	-	-	(8,037,881)
Opening balance after adjustment	881,897,219	3,839,673,605	-	90,600,000	267,920,095	503,187,217	(267,920,095)	(56,289,327)	5,259,068,714
Changes in shareholders' equity for year									
Disposal of treasury shares during the year	-	-	288,424,625	-	(267,920,095)	267,920,095	267,920,095	-	556,344,720
Dividends payment (Note 31)	-	-	-	-	-	(883,795,410)	-	-	(883,795,410)
Total comprehensive income for the year	-	-	-	-	-	1,187,614,314	-	(73,466,139)	1,114,148,175
Closing balance as at 31 December 2011	<u>881,897,219</u>	<u>3,839,673,605</u>	<u>288,424,625</u>	<u>90,600,000</u>	<u>-</u>	<u>1,074,926,216</u>	<u>-</u>	<u>(129,755,466)</u>	<u>6,045,766,199</u>

The accompanying notes on pages 11 to 69 are an integral part of these consolidated and company financial statements.

Major Cineplex Group Public Company Limited
Statements of Cash Flows
For the years ended 31 December 2011 and 2010

		Unit: Baht				
		Consolidated		Company		
Notes		2011	2010	2011	2010	
Cash flows from operating activities						
	Cash generated from operations	32	1,743,782,106	1,725,792,460	732,513,862	811,454,820
	Interest paid		(142,869,134)	(129,045,497)	(123,170,840)	(102,056,246)
	Income tax paid		(198,996,574)	(92,155,085)	(92,494,435)	(23,899,883)
	Net cash generated from operating activities		<u>1,401,916,398</u>	<u>1,504,591,878</u>	<u>516,848,587</u>	<u>685,498,691</u>
Cash flows from investing activities						
	Cash received from disposal of investment in subsidiary		-	1,651,918	-	-
	Payments for short-term investment	8	(250,050,000)	(1,449,768,490)	(250,050,000)	(1,449,768,490)
	Proceeds from sales of short-term investment	8	250,140,854	1,401,074,012	250,140,854	1,401,074,012
	Short-term loans made to related parties	33	-	-	(1,717,041,554)	(103,627,023)
	Proceeds from settlements of short-term loans to related parties	33	-	-	1,250,562,697	94,735,988
	Payment for discounted notes receivable		-	(13,644,468)	-	(10,000,000)
	Long-term loans made to related parties		(11,331,329)	(6,794,156)	(211,116,329)	(495,700,000)
	Proceeds from settlements of long-term loans to related parties	33	14,924,343	13,215,717	633,854,297	754,463,373
	Loans to third parties		(34,792,786)	(5,000,000)	(34,282,786)	(5,000,000)
	Proceeds from loans to third parties		24,354,197	9,251,045	21,607,045	9,251,045
	Payment for investment from non-controlling interest	12	(344,162)	-	-	-
	Payments for investment in subsidiaries	12	(11,727,940)	(1,999,970)	(33,276,404)	(1,999,970)
	Proceeds from disposals of investment in associates	12	42,038,890	46,518,810	42,038,890	46,518,810
	Proceeds from decrease in shares reduction of an associates	12	202,500,000	-	202,500,000	-
	Payments for investment in associates	12	(129,999,885)	(578,983,876)	(129,999,885)	(578,983,876)
	Proceeds from disposals of investment in joint venture	12	1,000,000	-	1,000,000	-
	Payments for investment in joint venture	12	(48,599,980)	(9,999,980)	(48,599,980)	(9,999,980)
	Proceeds from disposals of long-term investments		11,309,616	17,928,228	11,309,616	17,928,228
	Payments for long-term investments		-	(34,370,964)	-	(34,370,964)
	Purchases of property, plant and equipment		(378,268,062)	(330,241,580)	(231,160,811)	(348,720,627)
	Proceeds from disposals of property, plant and equipment and leasehold rights		74,364,631	7,550,708	76,202,575	6,128,177
	Dividends received from associates		340,105,648	106,493,062	882,151,269	106,493,061
	Dividends received from long-term investments		7,585,341	1,604,772	7,585,341	1,604,773
	Proceeds from cancellation of lease agreement		-	42,056,075	-	-
	Payments of intangible assets		(388,356,387)	(402,988,834)	(6,623,276)	(23,920,272)
	Interest received		21,149,414	9,811,594	65,108,529	58,110,101
	Net cash (used in) received from investing activities		<u>(263,997,597)</u>	<u>(1,176,636,377)</u>	<u>781,910,088</u>	<u>(565,783,634)</u>

The accompanying notes on pages 11 to 69 are an integral part of these consolidated and company financial statements.

Major Cineplex Group Public Company Limited
Statements of Cash Flows (Cont'd)
For the years ended 31 December 2011 and 2010

	Notes	Unit: Baht			
		Consolidated		Company	
		2011	2010	2011	2010
Cash flows from financing activities					
(Increase) decrease in restricted cash		(67,263)	(53,008)	-	-
Proceeds from short-term loans					
from related parties	33	-	-	1,038,026,812	373,350,297
Repayments from short-term loans					
from related parties	33	-	-	(1,059,827,360)	(285,942,169)
(Repayment) proceeds from short-term loan					
from financial institution		(24,258,526)	(992,080,462)	(299,807,903)	(917,678,110)
Repayments of finance lease liabilities		(2,683,554)	(3,261,824)	(1,446,202)	(2,031,685)
Proceeds from long-term loans					
from related parties	33	-	440,126,829	-	558,626,829
Repayments of long-term loans					
from related parties	33	(440,126,829)	-	(508,938,295)	(66,000,000)
Proceeds from long-term borrowings	19	221,800,000	100,000,000	200,000,000	100,000,000
Repayments of long-term borrowings	19	(302,269,590)	(540,000,000)	(120,000,000)	(450,000,000)
Proceeds from issuance of debenture	19	-	800,000,000	-	800,000,000
Dividends paid to shareholders	31	(888,020,940)	(462,539,142)	(883,655,812)	(462,539,143)
Proceeds from disposal of treasury shares	23	556,344,720	-	556,344,720	-
Net cash used in financing activities		<u>(879,281,982)</u>	<u>(657,807,607)</u>	<u>(1,079,304,040)</u>	<u>(352,213,981)</u>
Net increase (decrease) in cash and cash equivalents		258,636,819	(329,852,106)	219,454,635	(232,498,924)
Opening balance of cash and cash equivalents		202,163,428	532,015,534	138,858,249	371,357,173
Closing balance of cash and cash equivalents	7	<u>460,800,247</u>	<u>202,163,428</u>	<u>358,312,884</u>	<u>138,858,249</u>

The accompanying notes on pages 11 to 69 are an integral part of these consolidated and company financial statements.

Major Cineplex Group Public Company Limited
Statements of Cash Flows (Cont'd)
For the years ended 31 December 2011 and 2010

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Non-cash transactions				
Significant non-cash transactions are as follows:				
Investment in property, plant and equipment, not yet paid	102,713,961	98,913,070	74,912,501	74,096,273
Purchases of film rights, not yet paid	10,138,603	59,742,244	-	-
Purchases of property, plant and equipment under finance leases	1,113,017	7,084,048	730,803	-
Disposal of property, plant and equipment not yet received	53,549,999	-	-	-
Offsetting disposals of property and equipment with amounts due from related parties and other current assets	-	65,702	17,679,510	40,697,017
Offsetting investment in property, plant and equipment with loan to third parties	1,285,200	-	-	-
Offsetting purchase of film right with loan to third parties	354,000	-	-	-
Disposal of investment in subsidiaries, not yet received	-	1,999,970	-	-
Offsetting disposal of investment in subsidiaries with loan from related parties and amounts due to related parties	-	-	-	20,000
Transfer amounts due from related parties to loans to related parties	-	-	-	14,572,720
Transfer advance for subscription to long-term investment	-	307,990,650	-	307,990,650
Transfer short-term loan from financial institution to long-term loan from financial institution	-	258,125,000	-	-
Offsetting dividends income with loans from related parties	-	-	-	40,000,000
Offsetting amounts due from related parties with loans from related parties	-	5,450,976	-	1,837,463
Offsetting trade accounts payable with loans to related parties	-	2,500	-	79,615,236
Offsetting amounts due to related parties and other current liabilities with loans to related parties	-	461,005	-	16,401,038
Offsetting assets with loans to related parties	-	20,000	-	20,000
Offsetting loans to related parties with loans from related parties	-	-	1,000,000	-

The accompanying notes on pages 11 to 69 are an integral part of these consolidated and company financial statements.

1 General information

Major Cineplex Group Public Company Limited (“the Company”) is a public company incorporated and resident in Thailand. The address of the Company’s registered office is as follows:

1839, 1839/1-6 Phaholyothin road, Ladyao, Jatujak, Bangkok 10900.

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as “the Group”.

The Group principally engages in theatre operations and entertainment services. The principal business operations of the Group are summarised as follows:

- Theatre operations
- Advertising and media services
- Bowling and Karaoke services
- Rental and services
- VCD, DVD/Blu-ray and film distribution
- Film production and magazine

These consolidated and company financial statements were authorised for issue by the Board of Directors on 16 February 2012.

2 Accounting policies

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

2.1 Basis of preparation

The consolidated and company 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 Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The consolidated and company 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 management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

2 Accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year. To comply with the announcement of Department of Business Development Regulation dated 7 November 2011 in relation to the format of Financial Statements B.E. 2554, the Group reclassified trade account and other receivables and payables for 2010 as follows:

	<u>Consolidated</u> <u>31 December</u> <u>2010</u> <u>Baht</u>	<u>Company</u> <u>31 December</u> <u>2010</u> <u>Baht</u>
Trade account and other receivables		
As previously reported		
Trade accounts receivable, net	797,909,433	285,569,036
Amounts due from related parties	55,335,943	435,490,340
Other receivables (included in "Other current assets")	92,237,294	58,941,139
Prepaid expenses (included in "Other current assets")	21,590,720	10,521,851
Reclassified to:		
Trade account and other receivables	967,073,390	790,522,366
Trade account and other payables		
As previously reported		
Trade accounts and notes payable	539,360,225	382,880,525
Amounts due to related parties	36,192,600	140,628,399
Other payables (included in "Other current liabilities")	232,479,324	139,724,865
Accrued expenses (included in "Other current liabilities")	237,313,697	111,442,277
Rental and service incomes received in advance (included in "Other current liabilities")	132,243,279	80,003,049
Reclassified to:		
Trade account and other payables	1,177,589,125	854,679,115

An English version of the consolidated and company financial statements have been prepared from the statutory financial statements that are in the 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.

2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards

- a) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards effective for the periods beginning on or after 1 January 2011 and adopted by the Group:

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting Period
TAS 11 (Revised 2009)	Construction Contracts
TAS 16 (Revised 2009)	Property, Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (Revised 2009)	Borrowing Costs
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (Revised 2009)	Interests in Joint Ventures
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property
TFRS 2	Share-based Payment
TFRS 3 (Revised 2009)	Business Combinations
TFRS 5 (Revised 2009)	Non-current Assets Held-for-sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate
TSIC 31	Revenue – Barter Transactions Involving Advertising Services

TAS 1 (Revised 2009), the revised standard will prohibit the presentation of items of income and expenses in the statement of changes in shareholders' equity. Entities can choose to present the statement of comprehensive income in one statement or two statements (the income statement and statement of comprehensive income). However, the entity chose to present two statements, income statement and statement of comprehensive income. Where entities restate or reclassify comparative information, they will be required to present a restated statement of financial position as at the beginning comparative period in addition to the current requirement to present statement of financial position at the end of the current period and comparative period. However, for the financial statements which period beginning on or after 1 January 2011 and are the first period apply this standard, an entity can choose to present statement of financial position only two accounting periods.

TAS 16 (Revised 2009), the revised standard requires the entity to include in cost of property, plant and equipment, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has obligation to do. An entity requires that an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The revised standard also requires an entity to review useful life, residual value and depreciation method at least at each financial year-end. The entity assessed and determined that there is no impact from this standard.

2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (Cont'd)

- a) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards effective for the periods beginning on or after 1 January 2011 and adopted by the Group: (Cont'd)

TAS 19 deals with accounting for employee benefit. The standard classifies employee benefit into 4 categories: a) short-term employee benefits b) post-employment benefits (including defined contribution plan and defined benefit plan) c) other long-term employee benefits and d) termination benefits. The standard requires the entity to measure the defined benefit plan and other long-term employee benefits by using the Projected Unit Credit method (PUC). An entity can choose to recognise any actuarial gain or loss for defined benefit plan either in other comprehensive income or profit and loss. Actuarial gain or loss for other long-term employee benefit shall recognise in profit and loss.

The effects of the adoption of the above standards to the statements of financial position as at 1 January 2011 are presented as follows:

	Consolidated 2011 Baht	Company 2011 Baht
Statements of financial position as at 1 January 2011		
Decrease in opening balance of retained earnings	17,281,494	8,037,881
Increase in employee benefit obligations	14,304,581	8,037,881
Decrease in investment in associates and interest in joint ventures	4,075,451	-
Decrease in non-controlling interest	1,098,538	-

TAS 23 (Revised 2009), the revised standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group applied this standard prospectively from 1 January 2011 but there is no any impact to the Group's financial statements because the Group has already applied the capitalised model.

TAS 24 (Revised 2009), the definition of related party has been expanded include parties with joint control over the entity, joint venture in which the entity is a venturer and post-employment benefit plan for the benefit of employees of an entity. The Group applied the revised standard from 1 January 2011 which have impact only to the disclosure of related parties information in the notes to financial statements.

TAS 27 (Revised 2009), the revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and gain or loss is recognised in income statement. The Group applied this standard prospectively to transactions with non-controlling interests from 1 January 2011.

TAS 28 (Revised 2009), on the loss of significant influence, the entity shall measure a remaining investment at fair value and recognise any gain or loss in income statement. The Group assessed and determined that there is no impact from this standard.

TAS 38 (revised 2009), the revised standard clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has a similar useful economic life. The Group assessed and determined that there is no impact from this standard.

2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (Cont'd)

- a) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards effective for the periods beginning on or after 1 January 2011 and adopted by the Group: (Cont'd)

TAS 40 (revised 2009), the standard has specific presentation and measurement requirements for investment property. The entity has to present an investment property separately in the statement of financial position. The entity can choose to measure it either cost model or fair value model. Under fair value model, any changes in fair value are recognised in income statement. The Group applied this standard from 1 January 2011. The Group applied cost model for measurement that there is no impact from this standard. The Group does not separately present investment property since significant portion of assets are owner-occupied property.

TFRS 3 (Revised 2009), the revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the 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. All acquisition-related costs should be expensed. The Group applied the revised standard prospectively to all business combination from 1 January 2011.

- b) New accounting standards and amendments to accounting standards that are not yet effective and have not been early adopted by the Group:

Effective for the period beginning on or after 1 January 2013

TAS 12	Income taxes
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosures of Government Assistance
TAS 21 (Revised 2009)	The Effect of Changes in Foreign Exchange Rates
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

TAS 12 deals with taxes on income, comprising current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are measured by based on the temporary difference between the tax base of an asset or liability and its carrying amount in the financial statements and using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. The Group will apply this standard from 1 January 2013 retrospectively with an expected to incur of deferred tax account and changes in retained earnings and income tax expense. The management is currently assessing the impact of applying this standard.

2 Accounting policies (Cont'd)

2.3 Group accounting - Investments in subsidiaries and associates and interests in joint ventures

a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are fully considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They de-consolidated from the date that control ceases.

The Group uses 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 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.

Investments in subsidiaries 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.

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 this 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. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 Accounting policies (Cont'd)

2.3 Group accounting - Investments in subsidiaries and associates and interests in joint ventures (Cont'd)

b) 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.

When the Group ceases to have control or significant influence, 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.

If the ownership interest in an associate 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.

c) 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 and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. (see Note 2.14 for the impairment of assets including goodwill).

The Group's share of its associates' 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 an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

2 Accounting policies (Cont'd)

2.3 Group accounting - Investments in subsidiaries and associates and interests in joint ventures (Cont'd)

c) Associates (Cont'd)

Investments in properties of Major Cineplex Lifestyle Leasehold Property Fund, which is an associate, are stated at fair value. At the subsequent balance sheet dates they are presented at fair value which is based on appraisal value by independent valuers approved by the Securities and Exchange Commission. The Management's Company will conduct appraisal of properties every two years from the date of the appraisal for purchase or lease of the properties and will conduct a review of appraisal every year after the date of the latest appraisal. The Management's Company will not appoint any Appraiser to appraise the property or leased property for more than 2 consecutive times.

During 2010, Siam Future Development Public Company Limited ("Siam Future"), an associate, has chosen to early adopted the accounting standards regarding employee benefits and investment property. The Company does not have policy to early apply these standards and therefore has removed the effect of these standards before taking the share of results from investment in Siam Future in the consolidated financial statements.

During 2011, the Company applied the accounting standards regarding employee benefits and investment property. The effect of the application of accounting standard "Employee Benefits" is presented in Note 2.2. For accounting standard "Investment Property", the Company chose to apply cost method for measurement whilst Siam Future chose to apply fair value model for measurement. Therefore the Company has removed the effect of this standard before taking the share of results from investment in Siam Future in the consolidated financial statements.

In the Company's separate financial statements, investments in associates are accounted for using the cost method of accounting.

A list of the Group's principal associates and the financial effects of acquisitions and disposals of associates are shown in Note 12.

d) Joint ventures

The Group's interests in jointly controlled entities are initially recorded at cost and accounted for by the equity method in the consolidated financial statements. The Group's share of its joint venture's post-acquisition profits or losses is recognised in the consolidated statement of income. The cumulative post-acquisition movements are adjusted against the carrying amount of the interest in joint venture. When the Group's share of losses in joint venture equals or exceeds its interest in joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

In the Company's separate financial statements, interest in jointly controlled entities are accounted for using the cost method.

A list of the Group's joint venture and the financial effects of the acquisitions and disposals of joint venture are shown in Note 12.

2 Accounting policies (Cont'd)

2.4 Foreign currency translation

Items included in the financial statements of each entity in the Group are measured using Thai Baht. The consolidated financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

Translation differences on investments in debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses. Translation differences on non-monetary items such as investments in equity securities held for trading are reported as part of the fair value gain or loss. Translation differences on available-for-sale investments in equity securities are included in the revaluation reserve in equity.

The statements of comprehensive income and cash flows of foreign entities are translated into the Group's reporting currency at the weighted average exchange rates for the year and statement of financial position are translated at the exchange rates ruling on the end of reporting period. Currency translation differences arising from the retranslation of the net investment in foreign entities are taken to shareholders' equity. On disposal of a foreign entity, accumulated exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

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.

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 income statement within administrative expenses.

2 Accounting policies (Cont'd)

2.7 Inventories and films under production

Inventories consist of foods and beverages, theatre supplies, and VCD and DVD.

Inventories are stated at the lower of cost or net realisable value. Costs of foods and beverages and theatre supplies are determined by the first-in, first-out (FIFO) method. Costs of VCD and DVD are determined using weighted average 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. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

Films under production are costs of films under production which will be recognised as cost of films upon the sale or release of the films, basing on the future revenue expected from various channels. Costs of films comprise costs directly attributable to films production and are stated at cost.

2.8 Investments

Investments other than investments in subsidiaries, associates and interests in joint ventures are available-for-sale 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.

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; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investments. Cost of investment includes transaction cost.

Available for sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand.

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 the income statement.

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 Accounting policies (Cont'd)

2.9 Property, plant and equipment

Property, plant and equipment are stated at 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 is calculated on the straight-line basis to write off the cost of each asset, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life or, if it is shorter, the lease term, as follows:

Buildings	20 years
Theatres	10, 20 years and the lease contracts periods
Buildings and theatres improvements	10, 20 years and the lease contracts periods
Utility system	5, 10, 15 years
Tools and equipment	5, 10, 15, 20 years
Furniture and fixtures	5 years
Office equipment	5 years
Motor vehicles (including vehicles under finance leases)	5 years

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

2.10 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 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.

2 Accounting policies (Cont'd)

2.11 Other intangible assets

Film rights

Film rights is capitalised at the purchase price including costs directly attributable to the acquisition of rights. Film rights are amortised and charged to direct costs of exhibition, VCD and DVD and TV broadcasting at the ratio relating to the expected revenue earned from each of the revenue-generated channels over the lifetime of rights. In the event that an ultimate loss is projected for each right, an amount equivalent to this loss will be written-off in the income statement immediately.

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 5 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of 5 years.

2.12 Prepaid rents

Prepaid rents represent land lease rights and leasehold rights of buildings are initially recognised at costs and amortised as expense over the lease periods.

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 which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Assets other than goodwill that suffered an impairment are reversed for possible impairment loss of the estimation of the recoverable amount were changed in subsequent period after the Group's recognition of impairment.

2 Accounting policies (Cont'd)

2.14 Leases

Leases - where a Group company is the lessee

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.

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.

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 multi-purpose property, the significant portions are owner-occupied property held for use in the supply of goods and services, therefore 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 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 Employee benefits

2.16.1 Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

2 Accounting policies (Cont'd)

2.16 Employee benefits (Cont'd)

2.16.1 Pension obligations (Cont'd)

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period with adjustments for unrecognised past-service costs. 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 pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit or loss in the period in which they arise.

Past-service costs are recognised immediately in income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays contributions to trustee-administered fund on a contractual basis. The Group has no further payment obligations once the contributions have been paid. 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.

2.16.2 Termination benefits

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 when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.17 Provisions

Provisions 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 Accounting policies (Cont'd)

2.18 Provision for goods returns

Provisions for goods returns in related to VCDs and DVDs is estimated based on historical experience and other relevant market factors. Provision for goods returns are provided for the sales profit margins and presented netting this of sales.

2.19 Provision for customers loyalty redemption

The Company sets aside the provision for bonus point redemption based on consideration of historical redemption rate and bonus point outstanding balance on the financial position date.

2.20 Revenue recognition

Revenues of the Group consist principally admissions, concession sales, advertising services, bowling and Karaoke services, rental and services, VCD/DVD and film rights distribution and sponsorship income.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services net of output tax, 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 providing services is recognised when the services are rendered.

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

Revenue from advertising is recognised when the media are appeared.

Revenue from cable television service is recognised when the services are rendered over the contract periods.

Revenue from leases and services are recognised over the period of the lease agreement.

Deferred revenue from leases and services are recognised when services are rendered.

Other revenues are recognised on the following basis:

- Interest income - on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.
- Dividend income - when the right to receive payment is established.

2 Accounting policies (Cont'd)

2.21 Income tax

The Group calculates income tax in accordance with the Revenue Code and records income tax on an accrual basis.

The Group does not recognise income taxes payable or receivable in future periods in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from amortisation of film rights and employee benefit obligations.

2.22 Dividend payment

Dividend payment is recorded in the consolidated and company financial statements in the period in which they are approved by the shareholders.

2.23 Segment reporting

Segment information has been prepared based on the internal report of the Group, which disaggregates its business by services or products.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain exposures.

3.1.1 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.

3.1.2 Interest rate risk

The Group's income and operating cash flows are not substantially independent of changes in market interest rates. 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. The loan interest rates of the Group are mainly floated. The Group does not use the interest rate derivative to manage exposure from fluctuation in interest rate on specific borrowing.

3.1.3 Credit risk

The Group has no significant concentrations of credit risks due to the large number of customer from which the income is charged in cash. The Group has policies in place to ensure that sales of products and services are made to customers with appropriate credit history. Cash transactions are limited to high credit quality financial institutions.

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, 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

The book values of financial assets and financial liabilities with a maturity of less than one year are approximate their fair values. Long-term borrowings and loans made with related parties carried an interest at the market interest rate. Management believe that their net book values are assumed to approximate their fair value.

4 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements 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 Impairment of receivables

The Group maintains an allowance for doubtful accounts to reflect impairment of trade receivables relating to estimated losses resulting from the inability of customers to make required payments. The allowance for doubtful accounts is significantly impacted by the Group's assessment of future cash flows, such assessment being based on consideration of historical collection experience, known and identified instances of default and consideration of market trends.

4.2 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.

4.3 Provision for goods returns

The management has estimated the provision for goods returns in relation to VCDs and DVDs. The percentage of goods returned is estimated based on historical information, experiences and existing business models.

4.4 Valuation of films under production

The cost of films under production is recognised when incurred. When there is an indicator, the Group tests impairment on a title by title basis, and if the estimated remaining net cash flows are not sufficient to recover each title cost, the impairment will be recognised. The estimation of net cash flow is calculated and estimated by the management.

4 Critical accounting estimates, assumptions and judgements

4.5 Revenue/amortisation of film rights

Film rights are amortised and recognised to cost of sales of film rights at the ratio relating to the expected revenue earned from each of the revenue-generated channel over the lifetime of rights. The expected revenue-generated from each channel which used for calculating the amortisation ratio is estimated by management and based on historical information and experience.

4.6 Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of management estimates.

4.7 Property, plant and equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different from previously estimation, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

4.8 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 high-quality corporate bonds/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.

4.9 Provision for customers loyalty redemption

The Company sets aside the provision for bonus point redemption based on consideration of historical redemption rate and bonus point outstanding balance on the balance sheet date.

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.

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6 Segment information

Financial information by business segment is as follows:-

	Consolidated						Unit: Million Baht
	Cinema business	Advertising business	Bowling and Karaoke business	Rental and services	VCD/DVD and film rights distribution	Films production	Consolidated
For the year ended 31 December 2011							
Revenues							
- Gross segment revenues	5,574	581	584	598	868	188	8,393
- Inter segment revenues	(1,172)	(7)	(89)	(87)	(92)	(69)	(1,516)
Net revenues	<u>4,402</u>	<u>574</u>	<u>495</u>	<u>511</u>	<u>776</u>	<u>119</u>	<u>6,877</u>
Segment results	<u>614</u>	<u>416</u>	<u>3</u>	<u>114</u>	<u>15</u>	<u>(32)</u>	<u>1,130</u>
Unallocated costs							<u>(187)</u>
Operating profit							943
Gain on disposal of investment							9
Share of profit of associates and joint ventures							212
Interest expense							<u>(144)</u>
Profit before income tax							<u>1,020</u>
Income tax							<u>(218)</u>
Net profit							<u>802</u>
Segment fixed assets	3,089	43	785	1,248	13	3	5,181
Investments in associates and interest in joint ventures							2,090
Unallocated assets							<u>3,717</u>
Consolidated total assets							<u>10,988</u>

Major Cineplex Group Public Company Limited
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6 Segment information (Cont'd)

	Consolidated						Unit: Million Baht
	Cinema business	Advertising business	Bowling and Karaoke business	Rental and services	VCD/DVD and film rights distribution	Films production	Consolidated
For the year ended 31 December 2010							
Revenues							
- Gross segment revenues	4,049	508	592	653	938	202	6,942
- Inter segment revenues	(474)	(4)	(85)	(79)	(98)	(53)	(793)
Net revenues	<u>3,575</u>	<u>504</u>	<u>507</u>	<u>574</u>	<u>840</u>	<u>149</u>	<u>6,149</u>
Segment results	<u>268</u>	<u>354</u>	<u>26</u>	<u>206</u>	<u>40</u>	<u>(45)</u>	<u>849</u>
Unallocated costs							<u>(151)</u>
Operating profit							698
Gain on disposal of investment							14
Share of profit of associates and joint ventures							328
Interest expense							<u>(138)</u>
Profit before income tax							902
Income tax							<u>(125)</u>
Net profit							<u>777</u>
Segment fixed assets	3,325	19	780	1,266	11	5	5,406
Investments in associates and interest in joint ventures							2,266
Unallocated assets							<u>3,348</u>
Consolidated total assets							<u>11,020</u>

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6 Segment information (Cont'd)

Unallocated costs represent corporate expenses. Segment assets consist primarily property and equipment, intangible assets, inventories, receivables and operating cash and mainly exclude investments.

Liabilities are mainly borrowings purposed to be used for all segments and for the Group's liquidity. Accordingly, the Group does not present the liabilities segment information.

7 Cash and cash equivalents

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Cash on hand	31,874,572	36,591,896	22,946,348	25,851,718
Deposits held at call with banks	428,925,675	165,571,532	335,366,536	113,006,531
Cash and cash equivalents	<u>460,800,247</u>	<u>202,163,428</u>	<u>358,312,884</u>	<u>138,858,249</u>

The effective interest rates on short-term bank deposit are ranging from 0.25% to 2.50% per annum (2010: 0.50% to 1.25% per annum).

8 Investments

	Unit: Baht	
	Consolidated and Company	
	2011	2010
Current	50,595,828	48,526,268
Non-current	177,457,846	278,094,853
	<u>228,053,674</u>	<u>326,621,121</u>

Current - available-for-sale securities

Short-term investment represents investment in unit of a mutual fund. Movements of short-term investment are as follows:

	Unit: Baht	
	Consolidated and Company	
	2011	2010
Opening book value	48,526,268	-
Additions	250,050,000	1,449,768,490
Disposals	(250,000,000)	(1,400,000,000)
Realised gain (loss) recognised in shareholders' equity	<u>2,019,560</u>	<u>(1,242,222)</u>
Closing book value	<u>50,595,828</u>	<u>48,526,268</u>

During 2011, the Company disposed all short-term investment and recognised gain on disposal of Baht 0.14 million (2010: Baht 1.07 million).

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8 Investments (Cont'd)

Non-current - available-for-sale securities

	Unit: Baht	
	Consolidated and Company	
	2011	2010
Investments in other companies	177,457,846	297,861,835
<u>Less</u> allowance for impairment	-	(19,766,982)
Investments in other companies, net	<u>177,457,846</u>	<u>278,094,853</u>

Movements of non-current investments are as follows:

	Unit: Baht	
	Consolidated and Company	
	2011	2010
Opening book value	278,094,853	30,210,042
Transfer from advance for subscription	-	307,990,650
Additions	-	34,370,964
Disposals	(44,918,290)	(24,792,723)
Reversal(Impairment loss)	19,766,982	(19,766,982)
Change in fair value of investments	<u>(75,485,699)</u>	<u>(49,917,098)</u>
Closing book value	<u>177,457,846</u>	<u>278,094,853</u>

Long-term investments comprise:

California Wow Experience Public Company Limited

During 2011, the Company had disposal all investment in CAWOW and recognised loss from disposal of Baht 13.84 million.

PVR Company Limited

On 24 December 2009, the Company has acquired 2,557,000 shares of PVR Company Limited (“PVR”), which is incorporated and listed in India at Rupee 165 per share or Baht 120.45, representing 9.09% of paid-up share capital, for the considerations of Baht 307,990,650. The investment is presented as available-for-sale investment and the change in fair value of investment is recognised in statement of comprehensive income.

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9 Trade account and other receivables

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Third parties				
- Trade accounts receivable	702,755,497	732,429,491	103,794,872	76,352,280
- unbilled revenue	124,206,678	98,255,043	9,575,332	18,237,024
Total	826,962,174	830,684,534	113,370,204	94,589,304
Less Allowance for doubtful accounts	(44,872,498)	(48,841,778)	-	-
Trade accounts receivable - Third parties-net	782,089,676	781,842,756	113,370,204	94,589,304
Trade accounts receivable - Related parties	24,255,009	16,066,677	223,820,924	190,979,732
Amounts due from related parties (Note 33)	38,293,081	55,335,943	326,382,261	435,490,340
Other accounts receivable	208,015,712	92,237,294	110,073,610	58,941,139
Prepaid expenses	37,350,566	21,590,720	9,239,696	10,521,851
Trade account and other receivables	1,090,004,044	967,073,390	782,886,695	790,522,366

Outstanding trade accounts receivable as at 31 December can be analysed according to ages as follows:

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Unbilled revenue	124,206,678	98,255,043	9,575,332	18,237,024
Trade accounts receivable				
Current	292,483,958	491,255,566	33,917,758	62,321,882
Overdue less than 3 months	313,185,511	123,489,875	65,527,718	12,186,838
3 - 6 months	22,765,620	13,843,167	1,058,924	298,313
Over 6 months	74,320,407	103,840,883	3,290,472	1,545,247
Total	826,962,174	830,684,534	113,370,204	94,589,304
Less Allowance for doubtful accounts	(44,872,498)	(48,841,778)	-	-
Trade accounts receivable, net	782,089,676	781,842,756	113,370,204	94,589,304

Major Cineplex Group Public Company Limited
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10 Inventories, net

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Foods and beverages	43,136,467	29,603,839	28,397,339	16,301,484
VCD and DVD, net of allowance	101,159,358	74,776,059	-	-
Supplies and others	6,473,004	14,768,349	4,858,587	3,062,124
Inventories held for sale	-	11,645,004	-	-
Goods in transit	3,082,002	3,822,399	-	-
Inventories, net	153,850,831	134,615,650	33,255,926	19,363,608

The reversal of allowance for obsolescence amounting to Baht 2,183,328 (2010: Baht 7,137,990) was recognised in the consolidated income statement for the year ended 31 December 2011.

11 Other current assets

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Value added tax receivable	97,106,812	89,686,687	19,776,377	18,769,044
Withholding tax deducted at sources	42,678,444	38,991,147	-	-
Others	44,875,692	28,494,245	16,540,710	17,596,069
	184,660,948	157,172,079	36,317,087	36,365,113

12 Investments in subsidiaries and associates and interests in joint ventures, net

a) Movements of investments in subsidiaries and associates and interests in joint ventures are as follows:

Investment in subsidiaries

	Unit: Baht	
	Company	
	2011	2010
Investment in subsidiaries	1,911,916,647	1,878,640,243
<u>Less</u> Allowance for impairment	-	-
Investment in subsidiaries, net	1,911,916,647	1,878,640,243

For the years ended 31 December

Opening net book amount	1,878,640,243	1,860,640,243
Acquisition	33,276,404	1,999,970
Disposal	-	(1,999,970)
Reversal of allowance for impairment	-	18,000,000
Closing net book amount	1,911,916,647	1,878,640,243

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

- a) **Movements of investments in subsidiaries and associates and interests in joint venture are as follows: (Cont'd)**

Investment in subsidiaries (Cont'd)

During 2011

M Picture Entertainment Public Company Limited

Acquisition of investment

During 2011, the Company has made additional investment in M Picture Entertainment Public Company Limited ("MPIC") of 0.89 million shares totalling Baht 1.28 million. The acquisition resulted in the change in shareholding percentage from 65.93% to 66.07%.

Talent One Company Limited

Acquisition of investment

During 2011, the Company has invested 80% interest in Talent One Company Limited.

Details of assets and liabilities from acquisition are as follows:

	<u>Unit: Baht</u>
Cash considerations	12,000,000
<u>Less</u> Fair value of acquired net assets	<u>(8,295,325)</u>
Goodwill	<u>3,704,675</u>

The net book values of the identifiable assets and liabilities on the acquisition date are as follows:

Cash and cash equivalents	272,060
Current assets	11,976,500
Non-current assets	716,591
Current liabilities	<u>(4,669,826)</u>
Net book value of net assets	<u>8,295,325</u>
Cash paid for acquisition	12,000,000
<u>Less</u> Cash and cash equivalents acquired	<u>(272,060)</u>
Net cash outflow from the acquisition	<u>11,727,940</u>

During 2011, certain subsidiaries paid dividends to the Company totalling Baht 521.10 million, which recorded in "Other income" in the company income statement.

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

- a) **Movements of investments in subsidiaries and associates and interests in joint venture are as follows: (Cont'd)**

Investment in subsidiaries (Cont'd)

During 2010

V Slim and Beauty Spa Company Limited

Acquisition of investment

On 25 January 2010 the Company has invested in V Slim and Beauty Spa Company Limited, ("VIE SPA") which provides spa services, amounting to Baht 1,999,970 representing 99.99% of its registered shares.

Disposal of investment

On 28 September 2010 the Company disposed its investment in VIE SPA of 199,997 shares for the considerations of Baht 2.0 million to an individual.

Exertainment Co., Ltd.

Disposal of investment

On 31 March 2010 a subsidiary has disposed all 3,599,995 shares held in Exertainment Co., Ltd. ("EXER") for the considerations of Baht 500,000 to an individual. As at 31 March 2010, EXER had a negative equity. As a result of the disposal, the Group recognised a gain amounting to Baht 14.30 million in the consolidated income statement for the year ended 31 December 2010.

For the Company financial statements, the provision for liabilities and allowance for impairment in investment amounting to Baht 49.26 million and Baht 18.00 million, respectively, have been reversed and recognised under "Gain on disposal of investment" in the Company income statement for the year ended 31 December 2010.

Investment in associates

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Opening net book amount	2,205,262,747	1,471,946,645	1,878,745,369	1,328,077,288
Acquisitions	129,999,885	578,983,876	129,999,885	578,983,876
Disposals	(19,774,466)	(41,413,932)	(13,891,805)	(28,315,795)
Effect from change in accounting policy (Note 2)	(3,883,256)	-	-	-
Decrease in share reduction of an associate	(202,500,000)	-	(202,500,000)	-
Dividend received	(340,105,648)	(127,441,462)	-	-
Share of result	208,167,639	323,187,620	-	-
Closing net book amount	<u>1,977,166,901</u>	<u>2,205,262,747</u>	<u>1,792,353,449</u>	<u>1,878,745,369</u>

Gain on disposals of assets to Major Cineplex Lifestyle Leasehold Property Fund will be realised on the straight-line basis over the lease contracts periods of the buildings leased out to the Property Fund. During 2011, the Group realised gain on disposal in the consolidated income statement of Baht 16.32 million (2010: Baht 14.01 million).

As at 31 December 2011, investment in associates included net book value of goodwill in the consolidated financial statements amounting to Baht 44.12 million (2010: Baht 44.12 million).

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

- a) **Movements of investments in subsidiaries and associates and interests in joint ventures are as follows: (Cont'd)**

Investment in associates (Cont'd)

During 2011

Siam Future Development Public Company Limited (“SF”)

Acquisition of investment

During 2011, the Company has made additional investment in SF of 20.52 million shares totalling Baht 130.00 million.

Disposal of investment in associate

During 2011, the Company disposed its investment in SF of 6.38 million shares for the considerations of Baht 42.04 million and recognised gain from disposal amounting to Baht 22.26 million and Baht 28.15 million in the consolidated and company income statements.

The aforesaid acquisition and disposal of investment resulted in the change to shareholding percentage from 23.24% to 24.46%.

Ratchayothin Avenue Company Limited (“RAV”)

During 2011, Ratchayothin Avenue Company Limited decreased its share capital of 40,500,000 shares at par value of Baht 10 each, totalling Baht 405.00 million. The Company received the share reduction of Baht 202.50 million.

In addition, the Company received a dividend from RAV amounting to Baht 219.00 million, which included in “Other income” in the company income statement.

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

- a) **Movements of investments in subsidiaries and associates and interests in joint ventures are as follows: (Cont'd)**

Investment in associates (Cont'd)

During 2010

Siam Future Development Public Company Limited (“SF”)

Additional investment in associate

During 2010, the Company has made additional investment in SF of 6.49 million shares totalling Baht 28.98 million.

Disposal of investment in associate

During 2010, the Company disposed its investment in SF of 14.37 million shares for the considerations of Baht 46.52 million and recognised gain from disposal amounting to Baht 5.10 million and Baht 18.20 million in the consolidated and Company income statements, respectively.

The aforesaid acquisition and disposal resulted in the change to shareholding percentage from 24.10% to 23.24%.

Ratchayothin Avenue Company Limited (“RAV”)

Additional investment in associate

On 12 November 2010 at the Board of Directors Meeting No. 4/2010, the directors have approved for additional investment of 22.00 million shares in RAV, to retain the percentage of shareholding at 50% for considerations of Baht 220.00 million. The additional shares were due for the first payment on 29 October 2010, totalling Baht 55.00 million. The remaining payment of Baht 165.00 million was made on 15 December 2010.

Major Cineplex Lifestyle Leasehold Property Fund (“MJLF”)

Additional investment in associate

On 12 November 2010 at the Board of Directors Meeting No.4/2010, the directors have approved for additional investment of 33.00 million shares in MJLF, to retain the percentage of shareholding at 33.00% for consideration of Baht 330.00 million. The additional investment was paid on 16 December 2010.

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

- a) **Movements of investments in subsidiaries and associates and interests in joint venture are as follows: (Cont'd)**

Interest in joint ventures

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Opening book amount	61,248,911	46,148,035	55,519,755	45,519,775
Investment in joint venture	48,599,980	9,999,980	48,599,980	9,999,980
Disposal	(592,220)	-	(1,000,000)	-
Effect from change in accounting policy (Note 2)	(192,195)	-	-	-
Share of result	4,164,393	5,100,896	-	-
Closing book amount	<u>113,228,869</u>	<u>61,248,911</u>	<u>103,119,735</u>	<u>55,519,755</u>

The following amounts represent the Group's share of the assets and liabilities and sales and results of the joint venture and are included in the statement of financial position and income statements:

	Unit: Baht	
	Consolidated	
	2011	2010
Non-current assets	120,153,766	53,281,815
Current assets	<u>61,770,733</u>	<u>34,815,280</u>
Total assets	<u>181,924,499</u>	<u>88,097,095</u>
Non-current liabilities	17,142,944	2,500,000
Current liabilities	<u>48,820,584</u>	<u>23,291,508</u>
Total liabilities	<u>65,963,528</u>	<u>25,791,508</u>
Net assets	<u>115,960,971</u>	<u>62,305,587</u>
Revenue	98,554,163	69,306,907
Expenses	95,861,076	67,132,929
Proportionate interest in joint venture commitments	Nil	Nil

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

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

- a) **Movements of investments in subsidiaries and associates and interests in joint venture are as follows: (Cont'd)**

During 2011

Major Kantana Broadcasting Company Limited (“KAN”)

Addition investment

During 2011, the Company has made additional investment of 0.90 million shares in KAN to retain the percentage of shareholding at 50% at par value of Baht 10 each. The total payment was made on 12 July 2011 amounting to Baht 8.99 million.

Disposal of investment

During 2011, the Company disposed its investment in KAN of 0.10 million shares for the considerations of Baht 1.00 million and recognised gain from disposal amounting to Baht 0.41 million and Baht 1.00 million in the consolidated and company income statements, respectively.

The aforesaid acquisition and disposal resulted in the change to shareholding percentage from 49.99% to 44.99%.

PVR Blu Entertainment Co., Ltd. (“PVR bluO”)

Addition investment

On 12 May 2010, the Board of Directors Meeting No. 2/2553, the directors approved for the additional investment of 2.45 million shares in PVR bluO to retain the percentage of shareholding at 49% at par value of Rupee 10 each, for the considerations of Rupee 24.50 million. The first payment was made on 4 March 2011 amounting to Rupee 20.00 million, equivalent to Baht 14.40 million.

On 11 November 2011, the Board of Directors Meeting No. 4/2554, the directors approved for the additional investment of 276.00 to retuning the percentage of shareholding at 49%. On 25 November 2011, the Company paid for a share subscriber of Rupee 40.00 million, equivalents to Baht 25.20 million, the remaining will be paid by March 2013.

During 2010

Major Kantana Broadcasting Company Limited (“KAN”)

Acquisition of investment

On 27 January 2010, the Company has invested in KAN, which engages in cable television business, amounting to Baht 9,999,980, representing 49.99% of its registered shares.

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

b) **The details of investments in subsidiaries and associates and interests in joint ventures are as follows:**

	Nature of business	Nature of relationship	% Ownership interest	
			2011	2010
Subsidiaries				
Major Cineplex Property Co., Ltd.	Building space for rent	Shareholder	99.99	99.99
Major Cineplex Services Co., Ltd.	Utility services	Shareholder	99.99	99.99
Chiangmai Cineplex Co., Ltd.	Cinema services	Shareholder	99.99	99.99
Ratchayothin Management Co., Ltd.	Utility services	Shareholder	99.99	99.99
Ratchayothin Cinema Co., Ltd.	Cinema services	Shareholder	99.99	99.99
Ratchayothin Realty Co., Ltd.	Building space for rent	Shareholder	99.99	99.99
Major Bowl Group Co., Ltd.	Bowling, Karaoke and entertainment services	Shareholder	99.99	99.99
Major Cinead Co., Ltd.	Advertising and advisory services	Shareholder	99.93	99.93
Bangkok Imax Theater Co., Ltd.	Cinema services	Shareholder	99.93	99.93
Udon Five Star Cineplex Co., Ltd.	Cinema services	Shareholder	99.99	99.99
Siam Cineplex Co., Ltd.	Cinema services	Shareholder	99.99	99.99
EGV Entertainment Public Company Limited ("EGV")	Cinema services	Shareholder Indirect shareholding	60.36 39.61	60.36 39.61
M Pictures Entertainment Public Company Limited ("MPIC")	Publishing, advertising and distribution of film rights	Shareholder	66.07	65.93
Talent One Co., Ltd.*	Film production and services for all forms of entertainment	Shareholder	80.00	-
Subsidiaries under EGV				
Entertain Golden Village Exhibition Co., Ltd.	Cinema services, advertising services	Indirect shareholding	99.96	99.96
EGV Exhibition Co., Ltd.	Cinema services, advertising services, area for rent	Indirect shareholding	99.96	99.96
EGV Five Star Co., Ltd.	Cinema services, advertising services	Indirect shareholding	99.96	99.96
Subsidiaries under MPIC				
TV Forum Co., Ltd.	Television media	Indirect shareholding	66.07	65.92
M Pictures Co., Ltd.	Distribution of film rights for cinema services, VCD/DVD production and TV broadcast	Indirect shareholding	66.07	65.92
M.V.D. Co., Ltd. ("MVD")	Distribution of VCD/DVD and film rights	Indirect shareholding	66.07	65.92
M Thirtynine Co., Ltd.	Studio film production	Indirect shareholding	66.07	65.92

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

- b) **The details of investments in subsidiaries and associates and interests in joint ventures are as follows: (Cont'd)**

	Nature of business	Nature of relationship	% Ownership interest	
			2011	2010
Subsidiaries under MVD				
Pacific Media Sale Co., Ltd.	Distribution of tape, CD, VDO, VCD and DVD	Indirect shareholding	65.68	65.63
Associates				
Siam Future Development Public Company Limited ("SF")	Rental of building space and utilities services	Shareholder	24.46	23.24
Ratchayothin Avenue Co., Ltd.	Rental of building space and utilities services	Shareholder	50.00	50.00
		Indirect shareholding via SF	12.23	11.62
Major Cineplex Lifestyle Leasehold Property Fund	Rental of building and utilities services	Shareholder	33.00	33.00
Thaiticketmajor Co., Ltd.	Agent for selling of tickets	Shareholder	40.00	40.00
Joint ventures				
PVR bluO Entertainment Limited ("PVR bluO")	Bowling, karaoke and entertainment services	Shareholder	49.00	49.00
Major Kantana Broadcasting Company Limited	Cable television services	Shareholder	44.99	49.99

All subsidiaries, associates and joint venture are incorporated in Thailand except PVR bluO which is incorporated in India. All holdings are investments in ordinary shares and investment unit in the Property Fund.

* newly established company and acquired in 2011

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

b) The details of investments in subsidiaries and associates and interests in joint ventures are as follows: (Cont'd)

The Group's share of results of its associates and its share of the assets and liabilities are as follows:

	<u>Assets Baht</u>	<u>Liabilities Baht</u>	<u>Revenues Baht</u>	<u>Profit Baht</u>	<u>% Ownership interest</u>
Year ended 31 December 2011					
<u>Associates</u>					
Siam Future Development Public Company Limited	1,842,553,112	1,132,971,376	345,957,085	30,321,287	24.46
Ratchayothin Avenue Company Limited	362,087,794	231,571,311	34,132,538	5,139,187	50.00
			Indirect shareholding via SF		12.23
Major Cineplex Lifestyle Leasehold Property Fund	1,334,558,848	39,027,163	182,981,599	159,934,316	33.00
Thaiticketmajor Company Limited	89,631,250	73,336,090	59,482,449	12,772,849	40.00
Year ended 31 December 2010					
<u>Associates</u>					
Siam Future Development Public Company Limited	8,143,539,817	4,588,662,209	2,054,723,092	53,596,535	23.24
Ratchayothin Avenue Company Limited	1,678,434,796	456,901,645	845,667,438	153,930,610	50.00
			Indirect shareholding via SF		11.62
Major Cineplex Lifestyle Leasehold Property Fund	1,295,718,829	66,610,971	128,794,188	111,884,653	33.00
Thaiticketmajor Company Limited	48,667,298	38,052,490	39,125,597	3,775,822	40.00

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13 Property, plant and equipment, net

	Consolidated							Unit: Baht	
	Land	Building and building improvements	Theatre and theatre improvements	Utility system	Tools, equipment and fixtures	Office equipment	Motor vehicles	Construction in progress	Total
At 1 January 2010									
Cost	208,316,998	1,371,318,457	3,231,470,649	989,512,220	3,736,980,836	323,502,340	29,691,391	110,946,710	10,001,739,601
<u>Less</u> Accumulated depreciation	-	(203,369,198)	(1,262,393,119)	(395,285,093)	(2,132,745,738)	(250,138,383)	(15,859,120)	-	(4,259,790,651)
Allowance for impairment	-	-	(21,000,000)	-	(10,301,951)	(1,395,690)	-	-	(32,697,641)
Net book value	<u>208,316,998</u>	<u>1,167,949,259</u>	<u>1,948,077,530</u>	<u>594,227,127</u>	<u>1,593,933,147</u>	<u>71,968,267</u>	<u>13,832,271</u>	<u>110,946,710</u>	<u>5,709,251,309</u>
For the year ended 31 December 2010									
Opening net book value	208,316,998	1,167,949,259	1,948,077,530	594,227,127	1,593,933,147	71,968,267	13,832,271	110,946,710	5,709,251,309
Additions	-	32,152,250	22,977,237	9,593,162	139,661,141	17,263,716	4,787,781	207,939,297	434,374,584
Decrease from disposal of subsidiary	-	-	(5,705,295)	(1,350,436)	(19,214,006)	(624,717)	-	-	(26,894,454)
Transfer	-	22,816,639	96,284,541	9,750,767	101,327,785	(170,197)	-	(230,009,535)	-
Disposals, net	-	-	-	(45)	(853,714)	21,925	(4,905,417)	-	(5,737,251)
Write-off, net	-	(8,735,718)	(92,611,541)	(347,463)	(28,531,776)	(1,335,801)	-	-	(131,562,299)
Depreciation charge	-	(86,779,788)	(186,399,634)	(55,957,902)	(236,106,239)	(35,578,857)	(4,491,447)	-	(605,313,867)
Reversal impairment charge	-	-	21,000,000	-	9,492,046	1,394,665	-	-	31,886,711
Closing net book value	<u>208,316,998</u>	<u>1,127,402,642</u>	<u>1,803,622,838</u>	<u>555,915,210</u>	<u>1,559,708,384</u>	<u>52,939,001</u>	<u>9,223,188</u>	<u>88,876,472</u>	<u>5,406,004,733</u>
At 31 December 2010									
Cost	208,316,998	1,414,378,919	3,159,300,763	974,561,766	3,816,817,405	276,437,178	25,148,305	88,876,472	9,963,837,806
<u>Less</u> Accumulated depreciation	-	(286,976,277)	(1,355,677,925)	(418,646,556)	(2,256,299,116)	(223,497,152)	(15,925,117)	-	(4,557,022,143)
Allowance for impairment	-	-	-	-	(809,905)	(1,025)	-	-	(810,930)
Net book value	<u>208,316,998</u>	<u>1,127,402,642</u>	<u>1,803,622,838</u>	<u>555,915,210</u>	<u>1,559,708,384</u>	<u>52,939,001</u>	<u>9,223,188</u>	<u>88,876,472</u>	<u>5,406,004,733</u>

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13 Property, plant and equipment, net (Cont'd)

	Consolidated							Unit: Baht	
	Land	Building and building improvements	Theatre and theatre improvements	Utility system	Tools, equipment and fixtures	Office equipment	Motor vehicles	Construction in progress	Total
For the year ended 31 December 2011									
Opening net book value	208,316,998	1,127,402,642	1,803,622,838	555,915,210	1,559,708,384	52,939,001	9,223,188	88,876,472	5,406,004,733
Additions	-	9,435,108	44,845,584	52,975,394	126,469,254	28,401,982	2,165,407	219,847,596	484,140,325
Acquisition of subsidiary (Note 12)	-	-	-	-	49,675	406,376	-	-	456,051
Transfer	-	8,401,993	82,655,427	27,008,864	133,730,585	5,621,746	-	(257,418,615)	-
Reclassification	-	(16,028,472)	16,028,472	-	791,367	(791,367)	-	-	-
Disposals, net	-	-	-	-	(120,136,456)	(25,319)	(5)	-	(120,161,780)
Write-off, net	-	-	(12,299,322)	(3,005,873)	(4,421,731)	-	-	(129,300)	(19,856,226)
Depreciation charge	-	(70,155,713)	(175,468,389)	(57,564,907)	(222,880,663)	(34,983,373)	(3,145,642)	-	(564,198,687)
Impairment charge (reversal)	-	-	-	(1,148,681)	(4,851,319)	410,962	-	-	(5,589,038)
Closing net book value	<u>208,316,998</u>	<u>1,059,055,558</u>	<u>1,759,384,610</u>	<u>574,180,007</u>	<u>1,468,459,096</u>	<u>51,980,008</u>	<u>8,242,948</u>	<u>51,176,153</u>	<u>5,180,795,378</u>
At 31 December 2011									
Cost	208,316,998	1,414,363,876	3,265,393,123	1,049,659,221	3,912,109,628	305,922,849	16,112,643	51,176,153	10,223,054,491
Less Accumulated depreciation	-	(355,308,318)	(1,506,008,513)	(474,330,533)	(2,438,774,929)	(253,567,156)	(7,869,695)	-	(5,035,859,144)
Allowance for impairment	-	-	-	(1,148,681)	(4,875,603)	(375,685)	-	-	(6,399,969)
Net book value	<u>208,316,998</u>	<u>1,059,055,558</u>	<u>1,759,384,610</u>	<u>574,180,007</u>	<u>1,468,459,096</u>	<u>51,980,008</u>	<u>8,242,948</u>	<u>51,176,153</u>	<u>5,180,795,378</u>

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For the years ended 31 December 2011 and 2010

13 Property, plant and equipment, net (Cont'd)

	Company							Unit: Baht
	Land	Building, theatre and theatre improvements	Utility system	Tools, equipment and fixtures	Office equipment	Vehicles	Construction in progress	Total
At 1 January 2010								
Cost	173,406,998	1,671,183,432	280,488,110	1,351,769,103	134,094,630	20,293,259	1,003,877	3,632,239,409
<u>Less</u> Accumulated depreciation	-	(548,014,657)	(47,988,158)	(709,856,301)	(87,788,581)	(10,842,077)	-	(1,404,489,774)
Net book value	<u>173,406,998</u>	<u>1,123,168,775</u>	<u>232,499,952</u>	<u>641,912,802</u>	<u>46,306,049</u>	<u>9,451,182</u>	<u>1,003,877</u>	<u>2,227,749,635</u>
For the year ended 31 December 2010								
Opening net book value	173,406,998	1,123,168,775	232,499,952	641,912,802	46,306,049	9,451,182	1,003,877	2,227,749,635
Additions	-	86,881,828	12,203,394	127,765,003	11,488,218	-	184,478,456	422,816,899
Transfer	-	96,340,452	18,114,614	54,980,511	1,475,229	-	(170,910,806)	-
Disposals, net	-	(5,802,196)	(3,275,185)	(31,419,368)	(202,078)	(4,517,442)	-	(45,216,269)
Depreciation charge	-	(108,324,265)	(21,419,239)	(110,149,910)	(23,189,767)	(3,026,707)	-	(266,109,888)
Closing net book value	<u>173,406,998</u>	<u>1,192,264,594</u>	<u>238,123,536</u>	<u>683,089,038</u>	<u>35,877,651</u>	<u>1,907,033</u>	<u>14,571,527</u>	<u>2,339,240,377</u>
At 31 December 2010								
Cost	173,406,998	1,848,538,458	306,308,374	1,471,047,067	146,290,697	13,878,913	14,571,527	3,974,042,034
<u>Less</u> Accumulated depreciation	-	(656,273,864)	(68,184,838)	(787,958,029)	(110,413,046)	(11,971,880)	-	(1,634,801,657)
Net book value	<u>173,406,998</u>	<u>1,192,264,594</u>	<u>238,123,536</u>	<u>683,089,038</u>	<u>35,877,651</u>	<u>1,907,033</u>	<u>14,571,527</u>	<u>2,339,240,377</u>
For the year ended 31 December 2011								
Opening net book value	173,406,998	1,192,264,594	238,123,536	683,089,038	35,877,651	1,907,033	14,571,527	2,339,240,377
Additions	-	42,791,654	30,576,220	56,800,546	18,418,833	2,165,407	156,051,455	306,804,115
Transfer	-	69,330,702	16,887,053	45,772,648	5,512,002	-	(137,502,405)	-
Disposals, net	-	-	-	(86,642,177)	-	(4)	(1,979,733)	(88,621,914)
Write-off, net	-	(12,299,322)	-	(189,997)	-	-	-	(12,489,319)
Depreciation charge	-	(119,214,782)	(23,846,940)	(107,153,496)	(24,632,423)	(1,444,724)	-	(276,292,365)
Closing net book value	<u>173,406,998</u>	<u>1,172,872,846</u>	<u>261,739,869</u>	<u>591,676,562</u>	<u>35,176,063</u>	<u>2,627,712</u>	<u>31,140,844</u>	<u>2,268,640,894</u>
At 31 December 2011								
Cost	173,406,998	1,913,062,573	353,771,647	1,469,436,699	170,221,532	7,444,586	31,140,844	4,118,484,879
<u>Less</u> Accumulated depreciation	-	(740,189,727)	(92,031,778)	(877,760,137)	(135,045,469)	(4,816,874)	-	(1,849,843,985)
Net book value	<u>173,406,998</u>	<u>1,172,872,846</u>	<u>261,739,869</u>	<u>591,676,562</u>	<u>35,176,063</u>	<u>2,627,712</u>	<u>31,140,844</u>	<u>2,268,640,894</u>

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13 Property, plant and equipment, net (Cont'd)

As at 31 December 2011, the costs of fully depreciated property and equipment that are still in use are amounting to Baht 1,498.78 million (2010: Baht 2,169.32 million), and Baht 595.15 million (2010: Baht 398.66 million) in the consolidated financial statements, and the Company's financial statements, respectively.

During 2011, net book value of a subsidiary's branch amounting to Baht 2.65 million have been fired. The damaged assets have been written-off. The Company expected to receive compensation in the first quarter of 2012.

In 2011 and 2010, the Group and the Company do not pledge any assets as collateral.

Additions during 2011 in the consolidated financial statements included of assets acquired under finance lease agreements amounting to Baht 1.18 million (2010: Baht 5.68 million).

Leased assets included above, where the Group and the Company are lessees under finance lease, comprise lease space, motor vehicles and computer equipment:

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Cost - capitalised finance leases	26,358,688	26,928,464	20,412,697	21,945,683
<u>Less</u> Accumulated depreciation	(3,800,261)	(3,486,780)	(2,388,235)	(3,312,902)
Net book amount	<u>22,558,427</u>	<u>23,441,684</u>	<u>18,024,462</u>	<u>18,632,781</u>

14 Goodwill, net

	Unit: Baht	
	Consolidated	
	2011	2010
At 1 January		
Cost	342,112,936	338,408,261
<u>Less</u> Allowance for impairment	-	-
Net book value	<u>342,112,936</u>	<u>338,408,261</u>
For the years ended 31 December		
Opening net book value	338,408,261	338,408,261
Acquisition of subsidiary (Note 12)	3,704,675	-
Closing net book value	<u>342,112,936</u>	<u>338,408,261</u>

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15 Intangible assets, net

	Consolidated			Unit: Baht
	Film rights	Computer program	Total	Company Computer program
At 1 January 2010				
Cost	2,005,501,036	18,301,379	2,023,802,415	11,803,297
<u>Less</u> Accumulated amortisation	(1,481,718,229)	(3,060,972)	(1,484,779,201)	-
Allowance for impairment	(38,330,389)	-	(38,330,389)	-
Net book value	<u>485,452,418</u>	<u>15,240,407</u>	<u>500,692,825</u>	<u>11,803,297</u>
For the year ended 31 December 2010				
Opening net book value	485,452,418	15,240,407	500,692,825	11,803,297
Additions	437,805,284	24,960,046	462,765,330	23,920,271
Write-off, net	(2,250,593)	-	(2,250,593)	-
Amortisation	(526,704,767)	(6,030,716)	(532,735,483)	(5,151,996)
Impairment charge	(10,125,568)	-	(10,125,568)	-
Closing net book value	<u>384,176,774</u>	<u>34,169,737</u>	<u>418,346,511</u>	<u>30,571,572</u>
At 31 December 2010				
Cost	2,441,055,727	43,261,425	2,484,317,152	35,723,568
<u>Less</u> Accumulated amortisation	(2,008,422,996)	(9,091,688)	(2,017,514,684)	(5,151,996)
Allowance for impairment	(48,455,957)	-	(48,455,957)	-
Net book value	<u>384,176,774</u>	<u>34,169,737</u>	<u>418,346,511</u>	<u>30,571,572</u>
For the year ended 31 December 2011				
Opening net book value	384,176,774	34,169,737	418,346,511	30,571,572
Acquisition of subsidiary (Note 12)	-	85,988	85,988	-
Additions	391,908,901	7,083,402	398,992,303	6,623,276
Amortisation	(376,988,905)	(7,811,050)	(384,799,955)	(7,132,418)
Impairment charge	(7,864,890)	-	(7,864,890)	-
Closing net book value	<u>391,231,880</u>	<u>33,528,077</u>	<u>424,759,957</u>	<u>30,062,430</u>
At 31 December 2011				
Cost	2,832,964,628	50,443,502	2,883,408,130	42,346,845
<u>Less</u> Accumulated amortisation	(2,385,411,902)	(16,915,425)	(2,402,327,327)	(12,284,415)
Allowance for impairment	(56,320,846)	-	(56,320,846)	-
Net book value	<u>391,231,880</u>	<u>33,528,077</u>	<u>424,759,957</u>	<u>30,062,430</u>

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16 Prepaid rents

	Unit: Baht			
	Consolidated	Company		
At 1 January 2010				
Cost	810,586,533	239,888,378		
<u>Less</u> Accumulated amortisation	(148,951,564)	(33,122,471)		
Allowance for impairment	(178,985)	-		
Net book value	<u>661,455,984</u>	<u>206,765,907</u>		
For the year ended 31 December 2010				
Opening net book value	661,455,984	206,765,907		
Reversal of impairment	178,985	-		
Disposal of investment of subsidiary, net	(178,985)	-		
Amortisation	(36,368,592)	(9,472,507)		
Closing net book value	<u>625,087,392</u>	<u>197,293,400</u>		
At 31 December 2010				
Cost	810,533,054	239,888,378		
<u>Less</u> Accumulated amortisation	(185,445,662)	(42,594,978)		
Net book value	<u>625,087,392</u>	<u>197,293,400</u>		
For the year ended 31 December 2011				
Opening net book value	625,087,392	197,293,400		
Amortisation	(35,105,240)	(9,472,507)		
Closing net book value	<u>589,982,152</u>	<u>187,820,893</u>		
At 31 December 2011				
Cost	810,533,054	239,888,378		
<u>Less</u> Accumulated amortisation	(220,550,902)	(52,067,485)		
Net book value	<u>589,982,152</u>	<u>187,820,893</u>		
	Unit: Baht			
	Consolidated			
	2011	2010		
	Company			
	2011	2010		
Current portion	34,657,257	35,105,240	9,472,507	9,472,507
Long-term portion	555,324,895	589,982,152	178,348,386	187,820,893
Total	<u>589,982,152</u>	<u>625,087,392</u>	<u>187,820,893</u>	<u>197,293,400</u>

Prepaid rents represent leasehold rights. As at 31 December 2011, leasehold rights with the net book value amounting to Baht 25.15 million (2010: Baht 61.46 million) are pledged as collateral for bank borrowings (Note 19).

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17 Other non-current assets, net

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Deposits	138,668,123	79,511,440	109,007,321	51,530,666
Others	18,097,379	1,546,680	15,460,884	2,275,144
	<u>156,765,502</u>	<u>81,058,120</u>	<u>124,468,205</u>	<u>53,805,810</u>

18 Trade account and other payables

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Trade account and note payables	514,847,842	539,360,225	390,123,655	382,880,525
Amounts due to related parties (Note 33)	16,149,801	36,192,600	177,963,938	140,628,399
Other payables	268,102,303	232,479,324	131,204,261	139,724,865
Accrued expenses	289,793,261	237,313,697	105,013,542	111,442,277
Rental and service incomes received in advance	171,986,709	132,243,279	104,000,620	80,003,049
Trade account and other payables	<u>1,260,879,916</u>	<u>1,177,589,125</u>	<u>908,306,016</u>	<u>854,679,115</u>

Rental and service incomes received in advance included cash advanced from customers amounting to Baht 41.38 million, which received from selling of cash cards, being deposited at banks. In order to comply with the Notification of the Bank of Thailand applicable to the electronic card business, the balance of the deposit has to be maintained at the outstanding value of the cash cards on hands of the customers as the minimum.

19 Borrowings

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Current				
Bank overdrafts	26,521,537	17,572,161	-	-
Short-term loans from financial institutions	446,600,000	479,807,902	-	299,807,904
Total bank overdrafts and short-term loans from financial institutions	<u>473,121,537</u>	<u>497,380,063</u>	<u>-</u>	<u>299,807,904</u>
Current portion of long-term borrowings:				
- Finance lease receivable	1,174,927	703,618	48,220	(247,740)
- Bank borrowings	45,218,435	158,000,000	40,000,000	28,000,000
- Debenture	<u>1,500,000,000</u>	<u>-</u>	<u>1,500,000,000</u>	<u>-</u>
Total current portion of long-term borrowings	<u>1,546,393,362</u>	<u>158,703,618</u>	<u>1,540,048,220</u>	<u>27,752,260</u>
Non-current portion				
- Finance lease receivable	24,566,748	24,066,175	20,859,937	20,207,712
- Bank borrowings	142,436,975	110,125,000	140,000,000	72,000,000
- Debenture	<u>800,000,000</u>	<u>2,300,000,000</u>	<u>800,000,000</u>	<u>2,300,000,000</u>
Total non-current portion of long-term borrowings	<u>967,003,723</u>	<u>2,434,191,175</u>	<u>960,859,937</u>	<u>2,392,207,712</u>
Total borrowings and debentures	<u>2,986,518,622</u>	<u>3,090,274,855</u>	<u>2,500,908,157</u>	<u>2,719,767,876</u>

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19 Borrowings and debentures (Cont'd)

The interest rate exposure on the borrowing of the Group and the Company (excluded finance leases liabilities) is as follows:

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Borrowings:				
- at fixed rates	2,926,600,000	2,779,807,902	2,480,000,000	2,599,807,904
- at floating rates	34,176,947	285,697,161	-	100,000,000
	<u>2,960,776,947</u>	<u>3,065,505,063</u>	<u>2,480,000,000</u>	<u>2,699,807,904</u>

The exposure of the Group's borrowings (excluded finance leases liabilities) to interest rate changes and the contractual re-pricing dates at the statement of financial position dates are as follows:

	Unit: Baht			
	Consolidated			Total Baht
	6 months or less Baht	6 - 12 months Baht	1 - 5 years Baht	
At 31 December 2011				
Total borrowings	1,523,264,946	21,953,490	942,436,975	2,487,655,411
	<u>1,523,264,946</u>	<u>21,953,490</u>	<u>942,436,975</u>	<u>2,487,655,411</u>
At 31 December 2010				
Total borrowings	77,000,000	81,000,000	2,410,125,000	2,568,125,000
	<u>77,000,000</u>	<u>81,000,000</u>	<u>2,410,125,000</u>	<u>2,568,125,000</u>

	Unit: Baht			
	Consolidated			Total Baht
	6 months or less Baht	6 - 12 months Baht	1 - 5 years Baht	
At 31 December 2011				
Total borrowings	1,520,000,000	20,000,000	940,000,000	2,480,000,000
	<u>1,520,000,000</u>	<u>20,000,000</u>	<u>940,000,000</u>	<u>2,480,000,000</u>
At 31 December 2010				
Total borrowings	12,000,000	16,000,000	2,372,000,000	2,400,000,000
	<u>12,000,000</u>	<u>16,000,000</u>	<u>2,372,000,000</u>	<u>2,400,000,000</u>

The effective interest rates at the statement of financial position date were as follows:

	Consolidated		Company	
	2011	2010	2011	2010
Bank overdrafts	6.25% - 7.55%	6.00% - 6.40%	-	-
Bank borrowings	1.93% - 7.13%	1.38% - 6.00%	1.93% - 4.60%	1.38% - 4.00%
Debentures	3.35% - 4.80%	3.35% - 4.80%	3.35% - 4.80%	3.35% - 4.80%

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19 Borrowings and debentures (Cont'd)

The carrying amounts and fair values of certain long-term borrowings (excluded finance leases liabilities) are as follows:

	Unit: Baht			
	Consolidated			
	Carrying amounts		Fair values	
	2011	2010	2011	2010
Long-term bank borrowings	142,436,975	110,125,000	154,815,674	110,125,000
Debentures	800,000,000	2,300,000,000	812,611,507	2,359,923,699
	<u>942,436,975</u>	<u>2,410,125,000</u>	<u>967,427,181</u>	<u>2,470,048,699</u>
	Unit: Baht			
	Company			
	Carrying amounts		Fair values	
	2011	2010	2011	2010
Long-term bank borrowings	140,000,000	72,000,000	152,378,699	72,000,000
Debentures	800,000,000	2,300,000,000	812,611,507	2,359,923,699
	<u>940,000,000</u>	<u>2,372,000,000</u>	<u>964,990,206</u>	<u>2,431,923,699</u>

The fair values are based on discounted cash flows using a discount rate based upon the borrowing rate which the management expects would be available to the Group and the company at the statement of financial position date. The carrying amounts of short-term borrowings, and lease obligations approximate their fair values.

Finance lease liabilities-minimum lease payments:

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Not later than 1 year	3,252,128	2,622,512	1,693,602	1,349,058
Later than 1 year but not later than 5 years	9,195,449	8,926,789	6,456,627	5,830,690
Later than 5 years	51,708,100	52,879,048	48,931,196	50,473,583
<u>Less</u> future finance charges on finance leases	64,155,677	64,428,349	57,081,425	57,653,331
Present value of finance lease liabilities	<u>(38,414,002)</u>	<u>(39,658,557)</u>	<u>(36,173,268)</u>	<u>(37,693,359)</u>
	<u>25,741,675</u>	<u>24,769,792</u>	<u>20,908,157</u>	<u>19,959,972</u>

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19 Borrowings and debentures (Cont'd)

The present value of finance lease liabilities is as follows:

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Not later than 1 year	1,315,844	1,161,096	48,220	99,046
Later than 2 year but not later than 5 years	1,771,848	3,321,166	(218,795)	885,118
Later than 5 years	22,653,983	20,287,530	21,078,732	18,975,808
	<u>25,741,675</u>	<u>24,769,792</u>	<u>20,908,157</u>	<u>19,959,972</u>

The movements in bank borrowings (exclude finance lease liabilities) can be analysed as follows:

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Opening balance	268,125,000	467,375,257	100,000,000	450,000,000
Reclassification	-	258,125,000	-	-
Disposal of investment of subsidiary	-	(17,375,257)	-	-
Additions	221,800,000	100,000,000	200,000,000	100,000,000
Repayments	(302,269,590)	(540,000,000)	(120,000,000)	(450,000,000)
Closing balance	<u>187,655,410</u>	<u>268,125,000</u>	<u>180,000,000</u>	<u>100,000,000</u>

Maturity of bank borrowings:

Within 1 year	45,218,435	158,000,000	40,000,000	28,000,000
Between 1 year and 2 years	42,436,975	102,125,000	40,000,000	64,000,000
Between 2 years and 5 years	100,000,000	8,000,000	100,000,000	8,000,000
	<u>187,655,410</u>	<u>268,125,000</u>	<u>180,000,000</u>	<u>100,000,000</u>

Short-term loans from financial institutions represent bills of exchange and promissory notes denominated in Thai Baht bearing interest at the rates ranging from 1.93% to 7.13% per annum (2010: 1.38% to 6.00% per annum).

Long-term bank borrowings bear interest at the rates ranging from 4.60% to 6.63% per annum (2010: 4.00% to 5.38% per annum) and are secured by the pledge of building and leasehold rights (Note 13 and Note 16). Lease liabilities are effectively secured as the right to the leased asset revert to lessor in the event of default.

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19 Borrowings and debentures (Cont'd)

Debentures

	Unit: Baht	
	Consolidated	Company
Opening amount	2,300,000,000	2,300,000,000
Issuance of debenture	-	-
Closing amount	<u>2,300,000,000</u>	<u>2,300,000,000</u>

The Company issued a straight, unsecured and unsubordinated Baht debentures at par value of Baht 1,000 per unit. Details of the debentures are as follows:

Term	Issue date	Maturity date	Debentures Baht Million	Fixed interest rate (%) per annum
3 years	15 June 2009	15 June 2012	1,500	4.80
3 years	9 April 2010	17 May 2013	800	3.35

Interest is due for payment quarterly and every six months. The Company will have to maintain the debt to equity ratio at the ratio stipulated in the prospectus.

The Company used proceeds from the debentures to repay borrowings from financial institution, for operation and expansion of its business.

Borrowing facilities

As at 31 December 2011, the available credit facilities from financial institutions of the Group and the Company are Baht 4,330.18 million, and Baht 3,675.00 million, respectively, (2010: Baht 4,291.72 million and Baht 3,674.99 million, respectively). The facilities expiring within 3 years are annual facilities subject to review at various dates during years which will mainly be used for acquisitions of cinema construction and working capital.

20 Other current liabilities

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Undue output value added tax	54,035,154	59,221,354	19,978,360	17,802,706
Provision for customers loyalty	16,100,000	-	16,100,000	-
Provision for goods returned	52,516,963	-	-	-
Others	19,460,035	58,591,477	6,758,544	6,896,419
	<u>142,112,152</u>	<u>117,812,831</u>	<u>42,836,904</u>	<u>24,699,125</u>

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21 Employee benefit obligations - Pension benefit

The amounts recognised in the statement of financial position are determined as follows:

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Present value of unfunded obligation	16,532,500	-	9,191,596	-
Liability in the statement of financial position	<u>16,532,500</u>	<u>-</u>	<u>9,191,596</u>	<u>-</u>

The movement in the defined benefit obligation over the year is as follows:

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
At 1 January	14,304,581	-	8,037,881	-
Current service cost	1,737,419	-	850,395	-
Interest cost	490,500	-	303,320	-
At 31 December	<u>16,532,500</u>	<u>-</u>	<u>9,191,596</u>	<u>-</u>

The amounts recognised in the income statement are as follows:

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Current service cost	1,737,419	-	850,395	-
Interest cost	490,500	-	303,320	-
Total, included in staff costs	<u>2,227,919</u>	<u>-</u>	<u>1,153,715</u>	<u>-</u>

Of the total charge, Baht 2,227,919 and Baht 1,153,715 were included in “administrative expenses” in consolidated and company financial statements, respectively.

The principal actuarial assumptions used were as follows:

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Discount rate	3.80%	-	3.80%	-
Inflation rate	3.00%	-	3.00%	-
Future salary increases	3.00% - 9.00%	-	3.00% - 9.00%	-

22 Other liabilities

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Deposit	215,268,045	211,480,747	20,252,901	20,808,990
Rental and services income received in advance	<u>227,254,277</u>	<u>245,334,191</u>	<u>-</u>	<u>-</u>
	<u>442,522,322</u>	<u>456,814,938</u>	<u>20,252,901</u>	<u>20,808,990</u>

23 Share capital and premium on share capital

	Authorised number of shares	Issued and fully paid-up		
		Number of shares	Ordinary shares Baht	Share premium Baht
At 1 January 2010	906,000,000	881,897,219	881,897,219	3,839,673,605
Issuance of shares	-	-	-	-
At 31 December 2010	906,000,000	881,897,219	881,897,219	3,839,673,605
Issuance of shares	-	-	-	-
At 31 December 2011	906,000,000	881,897,219	881,897,219	3,839,673,605

The total authorised number of ordinary shares is 906,000,000 shares (2010: 906,000,000 shares) with a par value of Baht 1 per share (2010: Baht 1 per share). The issued and fully paid-up ordinary shares is 881,897,219 shares (2010: 881,897,219 shares).

During 2009, the Company repurchased 40.91 million shares through the Stock Exchange of Thailand. The total amount paid to repurchase of the shares was Baht 267.92 million which has been presented as treasury shares under the shareholders' equity. The treasury shares are held for reissuance at a later date. The Company allocated retained earnings as a reserve for treasury shares amounting to Baht 267.92million in accordance with section 66/1(2) of the Security and Exchange Act B.E. 2535 which requires the Company to set aside retained earnings as reserve.

During April 2011, the Company sold all treasury shares for the considerations of Baht 556.34 million, the gain from disposal of treasury shares amounting to Baht 288.42 million is recognised as "Share premium - treasury shares" under Shareholders' equity.

24 Warrants

Warrants issued and offered to directors and employees (ESOP)

The Company issued and offered grants of warrants to directors and employees (ESOP) of the Company and its subsidiaries, which are in registered form and are non-transferable. The warrants have no offered price and their terms do not exceed 5 years from the issued date.

The exercise ratio and price are detailed belows:

	Issued date	Issued units Million	Exercise price Baht/unit	Exercise period	
				Start	End
ESOP-W3	12 November 2007	13.00	16.447	30 November 2007	15 November 2012

The exercise prices and ratios of warrants are as follows:

	Exercise Ratio unit/share	Exercise price Baht/unit
ESOP-W3	1.020	16.447

During 2011, warrants have not been exercised since the offered price exceeds the market price.

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25 Legal reserve

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% of the registered capital of the Company. The reserve is non-distributable.

26 Non-controlling interest

	Unit: Baht	
	Consolidated	
	2011	2010
Opening balance	137,100,380	100,444,238
Effect from change in accounting policy (Note 2)	(1,098,538)	-
Balance after adjustment	136,001,842	100,444,238
Addition investment in subsidiary by purchasing share from non-controlling interest	(932,242)	-
Acquisition of subsidiaries	5,530,217	-
Disposals	-	21,838,138
Share of profit from subsidiaries	20,641,321	14,818,004
Dividend payment	(4,365,128)	-
Closing balance	<u>156,876,010</u>	<u>137,100,380</u>

27 Other operating income

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Dividend income	7,585,341	1,604,773	868,788,210	129,046,235
Gains on disposals of property, plant and equipment	4,263,542	2,510,702	4,103,568	1,608,784
Gains on disposals of investments	8,971,366	14,583,804	14,446,247	77,845,521
Management fee income	42,165,068	33,567,593	42,165,069	33,567,593
Interest income	22,585,772	9,724,822	93,005,822	85,667,544
Gain on exchange rate	146,204	7,228,936	354,985	689,169
Property tax income	25,499,624	25,074,190	2,705,773	2,314,412
Others	26,701,776	48,548,633	14,144,825	9,632,621
	<u>137,918,693</u>	<u>142,843,453</u>	<u>1,039,714,499</u>	<u>340,371,879</u>

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28 Expenses by nature

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Depreciation on property and equipment (Note 13)	564,198,687	605,313,867	276,292,365	266,109,888
Amortisation of intangible assets				
- film rights (Note 15)	376,988,905	526,704,767	-	-
- Computer software (Note 15)	7,811,050	6,030,716	7,132,418	5,151,996
- prepaid rents (Note 16)	35,105,240	36,368,592	9,472,507	9,472,507
Impairment of assets (Reversal) (Notes 13 and 15)	13,453,928	(21,761,143)	-	-
Repairs and maintenance expenditure	61,574,251	55,310,096	30,928,605	22,734,029
Staff costs	647,399,343	562,700,231	354,145,180	290,200,411
Loss from written-off of property, plant and equipment	19,856,226	46,710,403	12,489,319	-
Doubtful debts and bad debts	403,920	5,691,390	(87,651)	366,614
Loss on diminution in value of inventories	2,380,953	-	-	-
Loss on goods returns	14,854,908	13,928,641	-	-
Inventory				
- Cost of inventories recognised as expense (included in "Cost of sales")	499,117,882	530,195,060	222,417,373	153,793,755

29 Finance costs

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Interest expenses:				
Bank borrowings	35,275,044	44,782,385	8,356,106	17,065,829
Borrowings - related parties	8,075,347	221,390	11,649,655	3,570,637
Finance lease	1,875,035	1,803,040	1,606,386	1,636,495
Debentures	98,809,998	91,604,382	98,809,998	91,604,382
Total	144,035,424	138,411,197	120,422,145	113,877,343

30 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of paid-up ordinary shares in issue during the year.

For the calculation of the diluted earnings per share, the net profit adjusted for weighted average number of ordinary shares are assume for conversion of all dilutive potential ordinary shares being warrants as detailed in Note 24.

The outstanding warrants as at 31 December 2011 which issued and offered warrants to directors and employees of the Company and its subsidiaries (Note 24) did not affect the diluted earnings per share since the exercise price of the outstanding warrants is higher than the average market price of the Company's shares during the year ended 31 December 2011.

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30 Earnings per share (Cont'd)

The basic earnings per share and the diluted earnings per share are as follows:

	Consolidated					
	Profit		Weighted average number of shares		Earnings per share	
	Baht		shares		Baht	
	2011	2010	2011	2010	2011	2010
For the years ended 31 December						
Basic earnings per share	781,670,903	761,988,752	868,896,508	840,989,611	0.90	0.91
The effect of dilutive potential shares	-	-	-	-	-	-
Diluted earnings per share	781,670,903	761,988,752	868,896,508	840,989,611	0.90	0.91
	Company					
	Profit		Weighted average number of shares		Earnings per share	
	Baht		shares		Baht	
	2011	2010	2011	2010	2011	2010
For the years ended 31 December						
Basic earnings per share	1,187,614,314	347,800,025	868,896,508	840,989,611	1.37	0.41
The effect of dilutive potential shares	-	-	-	-	-	-
Diluted earnings per share	1,187,614,314	347,800,025	868,896,508	840,989,611	1.37	0.41

31 Dividends

For the year ended 31 December 2011

At the Board of Directors Meeting held on 11 August 2011, the Board passed a resolution to approve dividends in respect of the operating results for the period from January to June 2011 at Baht 0.43 per share, totalling Baht 379.21 million. The dividends were distributed to shareholders listed in the register on 29 August 2011 and paid on 8 September 2011.

At the Board of Directors Meeting held on 24 February 2011, the directors passed a resolution to approve dividends in respect of the operating results for the period from July to December 2010 at Baht 0.60 per share, totalling Baht 504.59 million. The dividends will be distributed to the shareholders listed in the register on 14 March 2011 that approved by the Annual Ordinary Shareholders Meeting on 5 April 2011. The dividend were distributed the shareholders on 4 May 2011.

For the year ended 31 December 2010

At the Board of Directors Meeting held on 13 August 2010, the Board passed a resolution to approve dividends in respect of the operating results for the period from January to June 2010 at Baht 0.20 per share, totalling Baht 168.20 million. The dividends were distributed to the shareholders listed in the register on 26 August 2010 and paid on 3 September 2010.

On 7 April 2010, at the Annual General Meeting of shareholders of the Company, the shareholders passed a resolution to approve dividends in respect of the operating results for the period from January to December 2009 at Baht 0.35 per share, totalling Baht 294.34 million. The dividends were distributed to the shareholders listed in the register on 20 April 2010 and paid on 4 May 2010.

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32 Cash flows from operating activities

Reconciliation of profit before income tax to cash flows from operating activities:

	Notes	Unit: Baht			
		Consolidated		Company	
		2011	2010	2011	2010
Profit before income tax		1,019,910,397	902,450,979	1,309,049,601	394,703,278
Adjustments for:					
Depreciation and amortisation	28	984,103,882	1,174,417,942	292,897,290	280,734,391
Doubtful accounts and bad debts	28	403,920	5,691,390	(87,651)	366,614
Provision for goods returns	28	14,854,908	13,928,641	-	-
Loss on write-off inventory	10	4,564,280	439,218	-	-
Loss on diminution in value of inventories (reversal)	10	(2,183,328)	(7,137,990)	-	-
Impairment charge in subsidiary (reversal)		-	-	-	(18,000,000)
Impairment charge in associate and long-term investment	8	(19,766,982)	19,766,982	(19,766,982)	19,766,982
Loss from write-off interest receivable		365,131	-	-	-
Gain on disposals of property, plant and equipment and leasehold rights		(4,443,979)	(1,879,158)	(4,103,568)	(1,608,924)
Loss on cancellation of lease agreement		-	42,761,569	-	-
Loss on write-off of property, plant and equipment and intangible assets	13	19,856,226	48,960,996	12,489,319	-
Loss on write-off deposit		-	60,000	-	-
Loss on impairment of assets (reversal)	13, 15	9,060,934	(21,761,144)	-	-
Shares of profit from associates and joint ventures	12	(212,332,032)	(328,288,516)	-	-
Gain on disposals of investments in subsidiaries, associates and joint venture	12	(22,672,204)	(19,706,563)	(28,147,085)	(18,203,015)
Gain on disposal of short-term investment	8	(140,854)	(1,074,012)	(140,854)	(1,074,012)
Loss on disposal of long-term investment	8	33,608,674	6,864,495	33,608,674	6,864,495
Provision for liabilities on losses in subsidiaries (reversal)	12	-	-	-	(49,257,421)
Provision for royalty program	20	16,100,000	-	16,100,000	-
Provision for employee benefit	21	2,227,919	-	1,153,715	-
Dividend income from associates and long-term investment	27	(7,585,341)	(1,604,773)	(868,788,210)	(129,046,235)
Interest income	27	(22,585,771)	(9,724,822)	(93,005,822)	(85,667,544)
Finance costs	29	144,035,424	138,411,197	120,422,145	113,877,343
Changes in operating assets and liabilities (excluding impact from acquisition and disposal of subsidiary):					
- trade account and other receivable		(53,506,849)	118,970,073	32,273,177	243,346,544
- inventories		(21,616,133)	49,858,668	(13,892,318)	4,549,346
- films under production		1,580,413	46,596,356	-	-
- other current assets		(31,269,522)	88,554,330	(404,778)	9,791,520
- receivables under finance lease agreements		(1,911,115)	(9,189,107)	-	-
- accounts receivable long-term contract		17,078,893	(55,867,666)	17,078,893	(55,867,666)
- other non-current assets		(58,351,494)	14,204,955	(57,476,655)	(10,904,476)
- trade account and other payables		(43,515,303)	(486,437,974)	(18,226,718)	197,642,874
- other current liabilities		(7,795,372)	22,146,610	2,037,779	(90,295,529)
- other non-current liabilities		(14,292,616)	(25,620,216)	(556,090)	(263,745)
Cash flows from operating activities		<u>1,743,782,106</u>	<u>1,725,792,460</u>	<u>732,513,862</u>	<u>811,454,820</u>

33 Related-party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Other related companies are companies belonging to directors and directors' family of the Company and is therefore related parties.

The following material transactions were carried out with related parties:

i) Sales of goods and services and others

	Unit: Baht'000			
	Consolidated		Company	
	2011	2010	2011	2010
Management income				
Associates	36,885	26,968	36,885	26,968
Joint ventures	480	-	480	-
Related parties	4,800	6,600	4,800	6,600
	<u>42,165</u>	<u>33,568</u>	<u>42,165</u>	<u>33,568</u>
Advertising income				
Subsidiaries	-	-	173,521	160,264
Related parties	10,000	-	-	-
	<u>10,000</u>	<u>-</u>	<u>173,521</u>	<u>160,264</u>
Interest income				
Subsidiaries	-	-	71,970	78,214
Associates	-	419	-	419
Joint venture	213	23	213	23
Related parties	146	-	-	-
	<u>359</u>	<u>442</u>	<u>72,183</u>	<u>78,656</u>
Sponsorship income				
Subsidiaries	-	-	-	476
	<u>-</u>	<u>-</u>	<u>-</u>	<u>476</u>

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33 Related-party transactions (Cont'd)

i) Sales of goods and services and others (Cont'd)

	Unit: Baht'000			
	Consolidated		Company	
	2011	2010	2011	2010
Rental and services income				
Subsidiaries	-	-	6,139	2,967
Associates	23,744	23,709	264	224
Joint venture	680	406	-	-
Related parties	52,968	42,180	5,520	8,062
	<u>77,392</u>	<u>66,295</u>	<u>11,923</u>	<u>11,253</u>
Dividends income				
Subsidiaries	-	-	521,098	-
Associates	-	-	340,106	127,441
Related parties	7,585	1,605	7,585	1,605
	<u>7,585</u>	<u>1,605</u>	<u>868,789</u>	<u>129,046</u>
Other income				
Subsidiaries	-	-	4,644	3,956
Associates	2,940	857	2,599	857
Related parties	5,538	6,791	3,184	-
	<u>8,478</u>	<u>7,648</u>	<u>10,427</u>	<u>4,813</u>
Sale of equipment and leases of property and buildings				
Subsidiaries	-	-	1,980	40,671
	<u>-</u>	<u>-</u>	<u>1,980</u>	<u>40,671</u>

ii) Purchase of goods and services and others

	Unit: Baht'000			
	Consolidated		Company	
	2011	2010	2011	2010
Rental and service expenses				
Subsidiaries	-	-	51,263	46,867
Associates	169,660	163,867	128,502	122,251
Related parties	49,613	50,192	43,546	44,965
	<u>219,273</u>	<u>214,059</u>	<u>223,311</u>	<u>214,083</u>
Equipment rental expenses				
Subsidiaries	-	-	-	400
Associates	3,066	3,070	-	-
Related parties	21,600	21,600	21,600	21,600
	<u>24,666</u>	<u>24,670</u>	<u>21,600</u>	<u>22,000</u>

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33 Related-party transactions (Cont'd)

ii) Purchase of goods and services and others (Cont'd)

	Unit: Baht'000			
	Consolidated		Company	
	2011	2010	2011	2010
Interest expense				
Subsidiaries	-	-	3,574	3,349
Associates	9,033	1,165	9,033	1,165
Related parties	639	629	639	629
	<u>9,672</u>	<u>1,794</u>	<u>13,246</u>	<u>5,143</u>
Consulting fee				
Related parties	23,400	24,600	23,400	24,600
	<u>23,400</u>	<u>24,600</u>	<u>23,400</u>	<u>24,600</u>
Sponsorship expense				
Subsidiaries	-	-	6,306	3,879
Associates	808	1,435	-	-
Related parties	-	329	-	-
	<u>808</u>	<u>1,764</u>	<u>6,306</u>	<u>3,879</u>
Advertising cost				
Associates	5,464	7,193	-	-
Related parties	-	1,708	-	-
	<u>5,464</u>	<u>8,901</u>	<u>-</u>	<u>-</u>
Film hire cost				
Subsidiaries	-	-	82,213	94,714
	<u>-</u>	<u>-</u>	<u>82,213</u>	<u>94,714</u>
Other expenses				
Subsidiaries	-	-	5,608	43,608
Associates	3,454	3,427	2,370	2,922
Related parties	7,125	2,204	-	1,050
	<u>10,579</u>	<u>5,631</u>	<u>7,978</u>	<u>47,580</u>
Purchases of fixed assets				
Subsidiaries	-	-	12,232	79,563
	<u>-</u>	<u>-</u>	<u>12,232</u>	<u>79,563</u>
Management's remunerations				
Management	45,248	44,825	25,938	31,129
	<u>45,248</u>	<u>44,825</u>	<u>25,938</u>	<u>31,129</u>

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33 Related-party transactions (Cont'd)

ii) Purchase of goods and services and others (Cont'd)

Pricing policies for related party transactions are as follows:

	Pricing policies
Management fee	Ageed prices as stipulated in the agreements
Advertising fee	Ageed price which approximate to market price
Interest charge	Rate determined with reference to the interest rate quoted by commercial banks
Rental and services	Ageed prices which approximate to market price
Equipment rental	Ageed prices which approximate to market price
Computer service	Ageed prices as stipulated in the agreements
Leasehold rights	Ageed prices which approximate to market price
Sponsorship fee	Ageed prices as stipulated in the agreements
Film hire cost	Ageed prices which approximate to market price

iii) Outstanding balances arising from sales/purchases of goods/services and others

	Unit: Baht'000			
	Consolidated		Company	
	2011	2010	2011	2010
Trade accounts receivable (include unbilled revenue)				
Subsidiaries	-	-	219,334	187,600
Associates	9,294	2,022	2,825	601
Joint venture	749	253	66	160
Related parties	14,212	13,792	1,595	2,618
	<u>24,255</u>	<u>16,067</u>	<u>223,820</u>	<u>190,979</u>
Amounts due from related parties				
Subsidiaries	-	-	304,950	397,473
Associates	21,385	20,085	5,341	3,832
Joint venture	4,680	3,508	4,680	3,508
Related parties	12,228	10,795	11,411	9,729
	<u>38,293</u>	<u>34,388</u>	<u>326,382</u>	<u>414,542</u>
Dividends receivables				
Associates	-	20,948	-	20,948
	<u>38,293</u>	<u>55,336</u>	<u>326,382</u>	<u>435,490</u>
Deposit (included in "Other non-current assets")				
Associates	8,979	9,035	3,460	3,460
Related parties	5,000	7,400	5,000	7,400
	<u>13,979</u>	<u>16,435</u>	<u>8,460</u>	<u>10,860</u>
Finance lease receivables	<u>1,817</u>	<u>1,822</u>	<u>-</u>	<u>-</u>
Related parties	<u>1,817</u>	<u>1,822</u>	<u>-</u>	<u>-</u>

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33 Related-party transactions (Cont'd)

iii) Outstanding balances arising from sales/purchases of goods/services and others (Cont'd)

	Unit: Baht'000			
	Consolidated		Company	
	2011	2010	2011	2010
Trade accounts payable (included in "Trade accounts and notes payable")				
Subsidiaries	-	-	145,031	153,954
Associates	10,266	344	9,254	-
Related parties	1,204	3,186	1,079	1,974
	<u>11,470</u>	<u>3,530</u>	<u>155,364</u>	<u>155,928</u>
Other payables (included in "Amounts due to related parties")				
Subsidiaries	-	-	164,583	128,797
Associates	8,529	8,187	7,213	6,804
Joint venture	343	-	343	-
Related parties	3,693	24,011	2,525	1,727
Board	3,584	3,994	3,300	3,300
	<u>16,149</u>	<u>36,192</u>	<u>177,964</u>	<u>140,628</u>
Advance received for rental and services (included in "Other non-current liabilities")				
Associate	30,197	31,244	-	-
Related parties	18,600	20,110	-	-
	<u>48,797</u>	<u>51,354</u>	<u>-</u>	<u>-</u>
Deposits received (included in "Other non-current liabilities")				
Associates	120,003	120,003	-	-
Related parties	8,906	3,974	135	-
	<u>128,909</u>	<u>123,977</u>	<u>135</u>	<u>-</u>
Finance lease liabilities (included in "Long-term borrowings from financial institutions")				
Associates	12,125	11,976	12,125	11,976
Related parties	8,083	7,984	8,083	7,984
	<u>20,208</u>	<u>19,960</u>	<u>20,208</u>	<u>19,960</u>

33 Related-party transactions (Cont'd)

iv) Short-term loans to related parties

The short-term loans to related parties are loans to subsidiaries of Major Cineplex Group Public Company Limited ("Major's Group") in Thailand for the use of financing to other Major's Group companies in Thailand. The short-term loans to related parties as at 31 December 2011 are unsecured loans repayable within 1 month, which are carrying interest at the rate 4.00% per annum.

The movements of short-term loans to related parties are shown below.

For the years ended 31 December	Company	
	2011	2010
	Baht'000	Baht'000
Opening balance	8,891	-
Loans advanced during the year	1,717,042	103,627
Loans repayments during the year	(1,250,563)	(94,736)
Closing balance	<u>475,370</u>	<u>8,891</u>

The related interest income was Baht 14,206,697 (2010: Baht 67,699). At 31 December 2011, the accrued interest income was Baht 1,704,453 (2010: Baht 51,550).

v) Long-term loans to related parties

For the years ended 31 December	Unit: Baht'000			
	Consolidated		Company	
	2011	2010	2011	2010
Subsidiaries and associates and employees				
Opening balance	14,288	25,657	1,696,079	2,051,490
Loans advanced during the year	11,331	7,300	212,195	510,646
Loans repayments during the year	(14,924)	(18,669)	(633,855)	(866,057)
Closing balance	<u>10,695</u>	<u>14,288</u>	<u>1,274,419</u>	<u>1,696,079</u>

The loans to related parties are carrying interest at the rates ranging from 4.00% to 7.25% per annum (2010: 4.00% to 7.25% per annum) and there is no specific repayment date.

Staff loans of Baht 10.70 million and Baht 9.51 million (2010: Baht 11.79 million and Baht 9.99 million) in the consolidated and company financial statements, respectively, are staff loan of Baht 2.61 million with no interest and Baht 6.89 million bear interest at the ranging of 2.00% - 3.00% per annum (2010: Baht 9.99 million at the range of interest at 2.00% - 3.00% per annum).

33 Related-party transactions (Cont'd)

vi) Short-term loans from related parties

The short-term loans from related parties are loans from fellow subsidiaries of Major Cineplex Group Public Company Limited (“Major’s Group”) in Thailand for the use of financing to other Major’s Group companies in Thailand. The short-term loans from related parties as at 31 December 2011 comprise unsecured loans repayable within 1 month, which are carrying interest at the rate 4.00% per annum.

The movements of short-term loans from related parties are shown below.

For the years ended 31 December	Company	
	2011	2010
	Baht'000	Baht'000
Opening balance	87,408	-
Loans borrowed during the year	1,038,027	373,350
Loans repaid during the year	(1,059,827)	(285,942)
Closing balance	<u>65,608</u>	<u>87,408</u>

The related interest expense was Baht 3,112,910 (2010: Baht 532,036). At 31 December 2011, the accrued interest expense was Baht 193,240 (2010: Baht 335,828).

vii) Long-term loans from related parties

For the years ended 31 December	Unit: Baht'000			
	Consolidated		Company	
	2011	2010	2011	2010
Subsidiaries and associates				
Opening balance	440,127	-	507,938	58,149
Loans borrowed during the year	-	440,127	1,000	558,627
Loans repaid during the year	(440,127)	-	(508,938)	(108,838)
Closing balance	<u>-</u>	<u>440,127</u>	<u>-</u>	<u>507,938</u>

The loans from subsidiaries and an associate are carrying interest at the rates ranging from 4.00% to 6.13% per annum, and 6.12% to 6.75% per annum, respectively (2010: 4.00% to 6.12% per annum, and 6.38% to 7.25% per annum, respectively) and there is no specific repayment date.

viii) Management’s remuneration

In 2011 the total remuneration of the directors and management approximated Baht 45.25 million (2010: Baht 44.83 million), including salaries and other benefits.

ix) Investments in subsidiaries, associates and joint ventures

Details of investments in subsidiaries, associates and joint ventures are set out in Note 12.

34 Commitments and contingencies

i) Bank guarantees and letter of credits

There are bank guarantees and letter of credits given on behalf of the Group to third parties outstanding as at 31 December 2011 amounting to Baht 149.39 million (2010: Baht 205.30 million).

ii) Guarantees

As at 31 December 2011, the Company and a subsidiary have given guarantees for bank loans granted to subsidiaries and associates for a total of Baht 490.10 million (2010: Baht 706.92 million).

iii) Operating lease commitments - where a Group Company is the lessee

The Company and its subsidiaries have commitment obligations in terms of long-term lease of land, buildings and service contracts. The future aggregate non-cancellable minimum lease and service payments under the contracts are as follows:

	Unit: Million Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Not later than 1 year	760	703	434	387
Later than 1 year but not later than 5 years	2,806	2,138	1,627	877
Later than 5 years	4,941	4,976	1,787	1,496
	<u>8,507</u>	<u>7,817</u>	<u>3,848</u>	<u>2,760</u>

In addition to the minimum lease and service payments, the Group also has obligations in respect of lease of buildings and service contracts based on revenue sharing with the lessors.

iv) Capital commitments

Capital expenditure contracted for at the balance sheet date, but not recognised in the financial statements is presented as follows:

	Currency	Consolidated		Company	
		2011	2010	2011	2010
		Baht'000	Baht'000	Baht'000	Baht'000
Property, plant and equipment	THB	48,763	13,100	26,962	13,100
Intangible assets	THB	500	-	-	-
	USD	3,980	1,514	-	-
	EURO	20	-	-	-
Total	THB	49,263	13,100	26,962	13,100
	USD	3,980	1,514	-	-
	EURO	20	-	-	-
Total in Thai Baht		<u>176,769</u>	<u>58,391</u>	<u>26,962</u>	<u>13,100</u>

v) Commitment for film productions

As at 31 December 2011, the Group has commitments in respect of payments to film directors amounting to Baht 5.75 million (2010: Baht 1.03 million).

35 Impact from flood

Subsequent to 30 September 2011, the Company has been impacted by the disaster of floods. The Company's assets damaged from this event are equipment. The Company is currently assessing the damage amount from this event and compensation from the Insurer. The damaged assets and related expenses regarding digester amounting to Baht 9.84 million have been written-off in the consolidated and company financial statements.

The assets affected by the floods are insured. However, the Company will not recognise the insurance recovery until it is virtually certain that the future economic benefits will flow to the Company.

36 Subsequent events

36.1 At the Board of Directors Meeting held on 16 February 2012, the Board passed the following resolutions:

- a) Approved dividends in respect of the operating results for the period from July to December 2011 at Baht 0.39 per share, totalling Baht 343.94 million. The dividends will be distributed to shareholders listed in the register on 5 March 2012.
- b) Approved to decrease the registered ordinary shares of the Company from Baht 906,000,000 to Baht 895,810,990 by reduction of 10,189,010 unissued ordinary shares at a par value of Baht 1 each.
- c) Approved an issuance and offering of warrants to purchase the ordinary shares of the Company to the directors and the employees of the Company and/or its subsidiaries ("ESOP Project") of 8,690,000 units. Exercise ratio is 1 warrant per 1 ordinary share.
- d) Approved to increase the registered ordinary shares of the Company from Baht 895,810,990 to Baht 904,500,990 by issuance of 8,690,000 new ordinary shares at a par value of Baht 1 each to be reserved for the exercise of the Warrants under ESOP Project.
- e) Approved to issue debenture amounting to Baht 1,500.00 million.

These matters shall be proposed to the 2012 Annual General Meeting of Shareholders for their consideration and approval.

36.2 At the Board of Directors Meeting of a subsidiary held on 13 February 2012, the Board passed the following resolutions:

- a) Approved dividends in respect of the operating results for the period from July to December 2011 at Baht 0.05 per share, totalling Baht 32.06 million. The dividends will be distributed to shareholders listed in the register on 28 February 2012.
- b) Approved an issuance and offering of warrants to purchase the ordinary shares of the Company ("Warrants") to the directors and the employees of the Company and/or its subsidiaries ("ESOP Project") of 6,412,500 units. Exercise ratio is 1 warrant per 1 ordinary share.
- c) Approved an increase in registered capital of the Company from Baht 641,250,000 to Baht 647,662,500 by issuance of 6,412,500 new ordinary shares at a par value of Baht 1 each to be reserved for the exercise of the Warrants under ESOP Project.

These matters shall be proposed to the 2012 Annual General Meeting of Shareholders for their consideration and approval.