

## **AUDITOR'S REPORT**

To the Shareholders of Major Cineplex Group Public Company Limited

I have audited the accompanying consolidated and company financial statements of Major Cineplex Group Public Company Limited and its subsidiaries and of Major Cineplex Group Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2012, 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, and a summary of significant accounting policies and other notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*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 of Major Cineplex Group Public Company Limited and its subsidiaries and of Major Cineplex Group Public Company Limited as at 31 December 2012, and consolidated and company results of operations and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

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

Bangkok  
15 February 2013

**MAJOR CINEPLEX GROUP PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS**

**31 DECEMBER 2012**

**Major Cineplex Group Public Company Limited**  
**Statements of Financial Position**  
**As at 31 December 2012 and 2011**

Unit: Baht

	Notes	Consolidated		Company	
		2012	2011	2012	2011
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	480,732,922	460,800,247	331,372,894	358,312,884
Short-term investment	8	-	50,595,828	-	50,595,828
Trade account and other receivables	9	1,453,559,614	1,090,004,044	850,623,961	782,886,695
Short-term loans to related parties	33	-	-	462,148,376	475,369,892
Inventories, net	10	132,240,700	153,850,831	38,110,958	33,255,926
Films under production		38,426,052	17,799,723	-	-
Current portion of prepaid rents	16	34,653,397	34,657,257	9,472,507	9,472,507
Other current assets	11	162,839,694	184,660,948	26,826,609	36,317,087
<b>Total current assets</b>		<b>2,302,452,379</b>	<b>1,992,368,878</b>	<b>1,718,555,305</b>	<b>1,746,210,819</b>
<b>Non-current assets</b>					
Available-for-sale investment	8	372,406,147	177,457,846	372,406,147	177,457,846
Restricted cash		7,932,206	5,989,137	-	-
Finance lease receivables		12,782,128	12,381,352	-	-
Account receivable - long-term contract		20,132,597	38,788,773	20,132,597	38,788,773
Investment in subsidiaries, net	12	-	-	2,351,200,286	1,911,916,647
Investment in associates, net	12	1,883,886,016	1,977,166,901	1,716,422,344	1,792,353,449
Interest in joint ventures	12	238,163,523	113,228,869	216,793,035	103,119,735
Long-term loans to related parties	33	6,612,057	10,695,183	1,006,612,936	1,274,419,154
Property, plant and equipment, net	13	5,332,125,834	5,180,795,378	2,432,848,855	2,268,640,894
Goodwill, net	14	287,065,399	342,112,936	-	-
Intangible assets, net	15	367,322,744	424,759,957	49,475,279	30,062,430
Long-term prepaid rents	16	520,938,169	555,324,895	168,875,879	178,348,386
Other non-current assets	17	150,173,271	156,765,502	118,111,686	124,468,205
<b>Total non-current assets</b>		<b>9,199,540,091</b>	<b>8,995,466,729</b>	<b>8,452,879,044</b>	<b>7,899,575,519</b>
<b>Total assets</b>		<b>11,501,992,470</b>	<b>10,987,835,607</b>	<b>10,171,434,349</b>	<b>9,645,786,338</b>

Director \_\_\_\_\_

Director \_\_\_\_\_

The accompanying notes on pages 12 to 65 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 2012 and 2011**

		Unit: Baht				
		Consolidated		Company		
Notes		2012	2011	2012	2011	
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Bank overdrafts and short-term						
	borrowings from financial institutions	19	801,468,051	473,121,537	200,000,000	-
	Trade account and other payables	18	1,527,442,595	1,260,879,916	945,118,841	908,306,016
	Current portion of long-term borrowings	19	880,790,505	1,546,393,362	840,297,642	1,540,048,220
	Short-term loans from related parties	33	-	-	467,777,630	65,607,579
	Accrued income tax		126,244,198	82,854,356	93,895,593	52,916,986
	Other current liabilities	20	137,820,724	142,112,152	36,591,961	42,836,904
<b>Total current liabilities</b>			<u>3,473,766,073</u>	<u>3,505,361,323</u>	<u>2,583,681,667</u>	<u>2,609,715,705</u>
<b>Non-current liabilities</b>						
Long-term borrowings from financial						
	institutions	19	1,169,696,005	967,003,723	1,121,402,298	960,859,937
	Employee benefit obligations	21	18,869,662	16,532,500	10,431,741	9,191,596
	Other non-current liabilities	22	454,847,501	442,522,322	60,438,414	20,252,901
<b>Total non-current liabilities</b>			<u>1,643,413,168</u>	<u>1,426,058,545</u>	<u>1,192,272,453</u>	<u>990,304,434</u>
<b>Total liabilities</b>			<u>5,117,179,241</u>	<u>4,931,419,868</u>	<u>3,775,954,120</u>	<u>3,600,020,139</u>
<b>Shareholders' equity</b>						
Share capital						
Authorised share capital						
	Ordinary shares, 904,500,990 shares		at par value of Baht 1 each	<u>904,500,990</u>	<u>904,500,990</u>	
	Ordinary shares, 906,000,000 shares		at par value of Baht 1 each	<u>906,000,000</u>	<u>906,000,000</u>	
Issued and fully paid-up share capital						
	Ordinary shares, 887,576,343 shares		at par value of Baht 1 each	887,576,343	887,576,343	
	Ordinary shares, 881,897,219 shares		at par value of Baht 1 each	881,897,219	881,897,219	
	Share premium	23	3,919,499,372	3,839,673,605	3,919,499,372	3,839,673,605
	Share premium - treasury shares	23	288,424,625	288,424,625	288,424,625	288,424,625
	Discount from business combination under		common control	12	(12,986,075)	-
	Warrants	24	9,191,064	-	8,900,000	-
Retained earnings						
Appropriated						
	Legal reserve	25	90,600,000	90,600,000	90,600,000	90,600,000
	Unappropriated		1,050,946,989	928,699,746	1,136,064,392	1,074,926,216
Other components of shareholders' equity			<u>64,415,497</u>	<u>(129,755,466)</u>	<u>64,415,497</u>	<u>(129,755,466)</u>
Equity attributable to owners of the parent			6,297,667,815	5,899,539,729	6,395,480,229	6,045,766,199
	Non-controlling interest	26	87,145,414	156,876,010	-	-
<b>Total shareholders' equity</b>			<u>6,384,813,229</u>	<u>6,056,415,739</u>	<u>6,395,480,229</u>	<u>6,045,766,199</u>
<b>Total liabilities and shareholders' equity</b>			<u>11,501,992,470</u>	<u>10,987,835,607</u>	<u>10,171,434,349</u>	<u>9,645,786,338</u>

The accompanying notes on pages 12 to 65 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 2012 and 2011**

		<b>Unit: Baht</b>			
		<b>Consolidated</b>		<b>Company</b>	
<b>Notes</b>		<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Revenues</b>					
	6				
Services income		5,224,404,943	5,083,484,304	2,948,657,598	2,871,468,072
Sales		1,740,856,065	1,664,643,522	714,902,804	623,420,995
<b>Total revenues</b>		<b>6,965,261,008</b>	<b>6,748,127,826</b>	<b>3,663,560,402</b>	<b>3,494,889,067</b>
<b>Costs</b>					
Cost of providing services		(3,603,853,287)	(3,471,589,976)	(2,215,768,554)	(2,113,393,068)
Cost of sales		(1,113,573,416)	(956,113,552)	(246,943,842)	(222,417,373)
<b>Total costs</b>		<b>(4,717,426,703)</b>	<b>(4,427,703,528)</b>	<b>(2,462,712,396)</b>	<b>(2,335,810,441)</b>
<b>Gross profit</b>		<b>2,247,834,305</b>	<b>2,320,424,298</b>	<b>1,200,848,006</b>	<b>1,159,078,626</b>
Other operating income	27	432,695,044	137,918,693	628,473,270	1,039,714,499
Selling expenses		(451,926,049)	(450,757,771)	(158,040,640)	(171,998,767)
Administrative expenses		(1,214,965,106)	(1,055,971,431)	(627,030,029)	(597,322,612)
Finance costs	29	(133,087,371)	(144,035,424)	(102,839,750)	(120,422,145)
Share of profit of investments in associates and joint ventures	12	157,192,335	212,332,032	-	-
<b>Profit before income tax</b>		<b>1,037,743,158</b>	<b>1,019,910,397</b>	<b>941,410,857</b>	<b>1,309,049,601</b>
Income tax		(281,914,714)	(217,598,173)	(191,378,222)	(121,435,287)
<b>Profit for the year</b>		<b>755,828,444</b>	<b>802,312,224</b>	<b>750,032,635</b>	<b>1,187,614,314</b>
<b>Attributable profit to:</b>					
Shareholders of the parent		811,141,702	781,670,903	750,032,635	1,187,614,314
Non-controlling interest	26	(55,313,258)	20,641,321	-	-
		<b>755,828,444</b>	<b>802,312,224</b>	<b>750,032,635</b>	<b>1,187,614,314</b>
<b>Earnings per share</b>					
	30				
Basic earnings per share		0.92	0.90	0.85	1.37
Diluted earnings per share		0.91	0.90	0.85	1.37

The accompanying notes on pages 12 to 65 are an integral part of these consolidated and company financial statements.

**Major Cineplex Group Public Company Limited**  
**Statements of Comprehensive Income**  
**For the years ended 31 December 2012 and 2011**

	<b>Unit: Baht</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Profit for the year</b>	755,828,444	802,312,224	750,032,635	1,187,614,314
<b>Other comprehensive income (expense):</b>				
Gain (loss) on remeasuring of available-for-sale investments (Note 8)	194,170,963	(73,466,139)	194,170,963	(73,466,139)
Other comprehensive income (expense) for the year, net of income tax	194,170,963	(73,466,139)	194,170,963	(73,466,139)
<b>Total comprehensive income for the year</b>	<b>949,999,407</b>	<b>728,846,085</b>	<b>944,203,598</b>	<b>1,114,148,175</b>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the parent	1,005,312,665	708,204,764	944,203,598	1,114,148,175
Non-controlling interest	(55,313,258)	20,641,321	-	-
	<b>949,999,407</b>	<b>728,846,085</b>	<b>944,203,598</b>	<b>1,114,148,175</b>

The accompanying notes on pages 12 to 65 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 2012 and 2011

Unit: Baht

	Consolidated													
	Attributable to owners of the parent													
	Issued and paid-up share capital	Share premium	Share premium - Treasury shares	Discount from business combination under common control	Warrants	Retained earnings			Treasury shares	Other components of shareholders' equity		Total shareholders of the Company	Non-controlling interest	Total shareholders' equity
						Legal reserve	Appropriated			Available-for-sale investment	Other comprehensive income (expense)			
	Treasury shares reserve	Unappropriated	Treasury shares											
<b>Opening balance as at 1 January 2011</b>	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	-	-	-	-	-	-	-	(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	
<b>Changes in shareholders' equity for the year</b>														
Increase during the year (Note 23)	-	-	288,424,625	-	-	-	-	267,920,095	-	-	556,344,720	-	556,344,720	
Disposal of treasury shares during the period (Note 23)	-	-	-	-	-	-	(267,920,095)	-	267,920,095	-	-	-	-	
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	
<b>Closing balance as at 31 December 2011</b>	<u>881,897,219</u>	<u>3,839,673,605</u>	<u>288,424,625</u>	<u>-</u>	<u>-</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>	
<b>Opening balance as at 1 January 2012</b>	881,897,219	3,839,673,605	288,424,625	-	-	90,600,000	-	928,699,746	-	(129,755,466)	5,899,539,729	156,876,010	6,056,415,739	
<b>Changes in shareholders' equity for the year</b>														
Increase during the year (Note 23)	5,679,124	79,825,767	-	-	-	-	-	-	-	-	85,504,891	-	85,504,891	
Warrants (Note 24)	-	-	-	-	9,191,064	-	-	-	-	-	9,191,064	-	9,191,064	
Addition investment in subsidiary by purchasing shares from non-controlling interest (Note 12)	-	-	-	(12,986,075)	-	-	-	-	-	-	(12,986,075)	(3,546,664)	(16,532,739)	
Dividends payment (Note 31)	-	-	-	-	-	-	-	(688,894,459)	-	-	(688,894,459)	(10,870,674)	(699,765,133)	
Total comprehensive income for the year	-	-	-	-	-	-	-	811,141,702	-	194,170,963	1,005,312,665	(55,313,258)	949,999,407	
<b>Closing balance as at 31 December 2012</b>	<u>887,576,343</u>	<u>3,919,499,372</u>	<u>288,424,625</u>	<u>(12,986,075)</u>	<u>9,191,064</u>	<u>90,600,000</u>	<u>-</u>	<u>1,050,946,989</u>	<u>-</u>	<u>64,415,497</u>	<u>6,297,667,815</u>	<u>87,145,414</u>	<u>6,384,813,229</u>	

The accompanying notes on pages 12 to 65 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 2012 and 2011**

	Unit: Baht										
	Company										
	Retained earnings							Other components of shareholders' equity		Total shareholder's equity	
	Issued and paid-up share capital	Share premium	Share premium - Treasury share	Warrants	Appropriated		Unappropriated	Treasury shares	Other comprehensive income (expense)		
					Legal reserve	Treasury shares reserve			Available-for-sale investment		Total
<b>Opening balance as at 1 January 2011</b>	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	-	-	-	-	-	-	(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	
<b>Changes in shareholders' equity for the year</b>											
Increase during the year (Note 23)	-	-	288,424,625	-	-	-	267,920,095	-	-	556,344,720	
Disposal of treasury shares during the year (Note 23)	-	-	-	-	-	(267,920,095)	-	267,920,095	-	-	
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	
<b>Closing balance as at 31 December 2011</b>	<u>881,897,219</u>	<u>3,839,673,605</u>	<u>288,424,625</u>	<u>-</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>	
<b>Opening balance as at 1 January 2012</b>	881,897,219	3,839,673,605	288,424,625	-	90,600,000	-	1,074,926,216	-	(129,755,466)	6,045,766,199	
<b>Changes in shareholders' equity for the year</b>											
Increase during the year (Note 23)	5,679,124	79,825,767	-	-	-	-	-	-	-	85,504,891	
Warrants (Note 24)	-	-	-	8,900,000	-	-	-	-	-	8,900,000	
Dividends payment (Note 31)	-	-	-	-	-	-	(688,894,459)	-	-	(688,894,459)	
Total comprehensive income for the year	-	-	-	-	-	-	750,032,635	-	194,170,963	944,203,598	
<b>Closing balance as at 31 December 2012</b>	<u>887,576,343</u>	<u>3,919,499,372</u>	<u>288,424,625</u>	<u>8,900,000</u>	<u>90,600,000</u>	<u>-</u>	<u>1,136,064,392</u>	<u>-</u>	<u>64,415,497</u>	<u>6,395,480,229</u>	

The accompanying notes on pages 12 to 65 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 2012 and 2011**

	Notes	Unit: Baht			
		Consolidated		Company	
		2012	2011	2012	2011
<b>Cash flows from operating activities</b>					
Cash generated from operations	32	1,800,445,566	1,744,714,347	816,801,754	732,513,862
Interest paid		(127,680,454)	(142,869,134)	(96,188,720)	(123,170,840)
Income tax paid		(238,524,872)	(198,996,574)	(150,399,615)	(92,494,435)
Net cash generated from operating activities		<u>1,434,240,240</u>	<u>1,402,848,639</u>	<u>570,213,419</u>	<u>516,848,587</u>
<b>Cash flows from investing activities</b>					
Payments for short-term investment	8	-	(250,050,000)	-	(250,050,000)
Proceeds from sales of short-term investment	8	53,222,751	250,140,854	53,222,751	250,140,854
Short-term loans made to related parties	33	(1,800,000)	-	(1,565,892,864)	(1,717,041,554)
Proceeds from settlements of short-term loans to related parties	33	1,800,000	-	1,583,453,389	1,250,562,697
Long-term loans made to related parties		(1,419,976)	(11,331,329)	(1,193,551)	(211,116,329)
Proceeds from settlements of long-term loans to related parties	33	5,633,351	14,924,343	260,999,769	633,854,297
Loans to third parties		(7,800,000)	(34,792,786)	(7,800,000)	(34,282,786)
Proceeds from loans to third parties		21,856,480	24,354,197	11,356,480	21,607,045
Payment for investment from non-controlling interest	12	(16,532,739)	(1,276,404)	-	-
Payments for investment in subsidiaries	12	-	(11,727,940)	(486,532,739)	(33,276,404)
Proceeds from shares reduction of subsidiaries	12	-	-	44,249,100	-
Payments for investment in associates	12	(33,025,890)	(129,999,885)	(33,025,890)	(129,999,885)
Proceeds from disposals of investment in associates	12	220,048,357	42,038,890	220,048,357	42,038,890
Proceeds from decrease in shares reduction of an associate	12	-	202,500,000	-	202,500,000
Payments for investment in joint venture	12	(113,673,300)	(48,599,980)	(113,673,300)	(48,599,980)
Proceeds from disposals of investment in joint venture	12	-	1,000,000	-	1,000,000
Proceeds from disposals of long-term investments	8	-	11,309,616	-	11,309,616
Purchases of property, plant and equipment		(465,447,643)	(378,268,062)	(275,528,309)	(231,160,811)
Proceeds from disposals of property, plant and equipment and leasehold rights		21,998,224	74,364,631	7,236,240	76,202,575
Payments of intangible assets		(488,884,390)	(388,356,387)	(29,500,709)	(6,623,276)
Dividends received from subsidiaries and associates	12	121,345,342	340,105,648	159,529,571	882,151,269
Dividends received from long-term investments		2,779,970	7,585,341	2,779,970	7,585,341
Interest received		20,337,355	21,149,414	112,639,926	65,108,529
Net cash (used in) received from investing activities		<u>(659,562,108)</u>	<u>(264,929,839)</u>	<u>(57,631,809)</u>	<u>781,910,088</u>

The accompanying notes on pages 12 to 65 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 2012 and 2011**

	Notes	Unit: Baht			
		Consolidated		Company	
		2012	2011	2012	2011
<b>Cash flows from financing activities</b>					
Increase in restricted cash		(1,943,069)	(67,263)	-	-
Proceeds from short-term loans					
from related parties	33	-	-	1,238,610,875	1,038,026,812
Repayments from short-term loans					
from related parties	33	-	-	(832,779,833)	(1,059,827,360)
Increase in overdraft	19	10,146,514	8,949,377	-	-
Proceeds from short-term loan					
from financial institution		2,659,500,000	674,900,000	2,250,000,000	300,000,000
Repayment from short-term loan					
from financial institution		(2,341,300,000)	(708,107,902)	(2,050,000,000)	(599,807,903)
Repayments of finance lease liabilities		(4,379,976)	(2,683,554)	(1,995,006)	(1,446,202)
Repayments of long-term loans					
from related parties	33	-	(440,126,829)	-	(508,938,295)
Proceeds from long-term borrowings	19	91,800,000	221,800,000	-	200,000,000
Repayment of long-term borrowings	19	(54,340,616)	(302,269,590)	(40,000,000)	(120,000,000)
Proceeds from issuance of debenture	19	1,000,000,000	-	1,000,000,000	-
Repayment of debenture	19	(1,500,000,000)	-	(1,500,000,000)	-
Proceeds from disposal of treasury shares	23	-	556,344,720	-	556,344,720
Proceeds from exercised warrants	23	85,504,891	-	85,504,891	-
Dividends paid to shareholders	31	(688,862,527)	(883,655,812)	(688,862,527)	(883,655,812)
Dividends paid to non-controlling interest	26	(10,870,674)	(4,365,128)	-	-
Net cash used in financing activities		<u>(754,745,457)</u>	<u>(879,281,981)</u>	<u>(539,521,600)</u>	<u>(1,079,304,040)</u>
<b>Net increase (decrease) in</b>					
<b>cash and cash equivalents</b>		19,932,675	258,636,819	(26,939,990)	219,454,635
Opening balance of cash and cash equivalents		<u>460,800,247</u>	<u>202,163,428</u>	<u>358,312,884</u>	<u>138,858,249</u>
<b>Closing balance of cash and cash equivalents</b>	7	<u><u>480,732,922</u></u>	<u><u>460,800,247</u></u>	<u><u>331,372,894</u></u>	<u><u>358,312,884</u></u>

The accompanying notes on pages 12 to 65 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 2012 and 2011**

	Unit: Baht			
	Consolidated		Company	
	2012	2011	2012	2011
<b>Non-cash transactions</b>				
Significant non-cash transactions are as follows:				
Investment in property, plant and equipment, not yet paid	305,407,282	102,713,961	150,629,857	74,912,501
Purchases of intangible assets, not yet paid	35,823,055	10,138,603	-	-
Purchases of property, plant and equipment under finance leases	2,026,486	1,113,017	1,094,000	730,803
Disposal of property, plant and equipment, not yet received	1,348,031	53,549,999	-	-
Offsetting disposals of property and equipment with amounts due from related parties and other current assets	-	-	-	17,679,510
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 associates, not yet received	141,111,020	-	141,111,020	-
Dividends paid, not yet paid	31,932	139,598	31,932	139,598
Offsetting loans to related parties with loans from related parties	130,250	-	-	1,000,000

The accompanying notes on pages 12 to 65 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 15 February 2013.

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

An English version of the consolidated and 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 Reclassification**

During 2012, a subsidiary made a reclassification of allowance for inventory obsolescence and diminution in value of inventories and loss from impairment of film rights in order to comply with TAS 2 (Revised 2009) "Inventories". Comparative figures have been reclassified to conform with current year presentation. The effects to the consolidated income statement for the year ended 31 December 2011 are as follows;

	<b>Consolidated</b>		
	<b>As previously stated Baht</b>	<b>Adjustments Baht</b>	<b>As restated Baht</b>
Cost of sales	945,867,710	10,245,842	956,113,552
Administrative expenses	1,066,217,273	(10,245,842)	1,055,971,431

**2.3 New accounting standard, new financial reporting standard, amendments to accounting standards, and new interpretation of accounting standards**

New accounting standard, new financial reporting standard, amendments to accounting standards and new interpretation of 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	Accounting for Government Grants and Disclosures of Government Assistance
TAS 21 (Revised 2009)	The Effect of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments
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

The Group's management has determined that the new accounting standard, new financial reporting standard, amendments to accounting standards, and new interpretations will not significantly impact the financial statements being presented except TAS 12 and TFRS 8.

TAS 12 deals only with taxes on income, comprising current and deferred tax. Current tax expense for a period is based on the taxable and deductible amounts that will be shown on the tax return for the current year. Current tax assets and liabilities for the current period is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax accounting is based on the temporary differences between the tax base of an asset or liability and its carrying amount in the financial statements. The management is currently assessing the impact of applying the TAS 12.

TFRS 8: The standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply this standard from 1 January 2013. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the Chief Operating Decision-Maker.

**2 Accounting policies (Cont'd)**

**2.3 New accounting standard, new financial reporting standard, amendments to accounting standards, and new interpretation of accounting standards (Cont'd)**

Effective for the periods beginning on or after 1 January 2014

TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TSIC 29	Service Concession Arrangements: Disclosure

TFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. The management is currently assessing the impact of TFRIC 4.

TFRIC 12 applies to public-to-private service concession arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. TFRIC12 is not relevant to the Group's operations.

TFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement, and the consideration received or receivable from the customer is allocated between the components of the arrangement using fair values. The Group has already adopted TFRIC13.

TSIC 29 contains disclosure requirements in respect of public-to-private service arrangements. TSIC29 is not relevant to the Group's operations.

**2.4 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.

**2 Accounting policies (Cont'd)**

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

**a) Subsidiaries (Cont'd)**

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.

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

**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 2.13 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, 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.

**2 Accounting policies (Cont'd)**

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

**c) Associates (Cont'd)**

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 income statement.

Investments property of Major Cineplex Lifestyle Leasehold Property Fund, which is an associate, are stated at fair value. At the subsequent 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.

The effect of the application of accounting standard "Investment Property", the Group applied cost method for measurement for investment property whilst Siam Future Development Public Company Limited ("Siam Future"), an associate, has chosen to apply fair value model for measurement. Therefore the Group 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 income statement. 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)**

**2.5 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.

**2.6 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.

**2.7 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.

**2.8 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 Accounting policies (Cont'd)**

### **2.9 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.

Available for sale investments are initially recognised at cost, which is equal to the fair value of consideration paid plus 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. The unrealised gains and losses of available for sale investments are recognised in equity.

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.

### **2.10 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	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 Accounting policies (Cont'd)**

**2.11 Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries 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.

**2.12 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.

**2.13 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.

**2.14 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)**

### **2.15 Leases**

#### **Leases - where a Group company is the lessee**

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

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

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

#### **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.

### **2.16 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.

### **2.17 Employee benefits**

#### **2.17.1 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)**

### **2.17 Employee benefits (Cont'd)**

#### **2.17.1 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 income statement 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.

#### **2.17.2 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.

### **2.18 Share-based payment**

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (warrant) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement for employees to stay).

**2 Accounting policies (Cont'd)**

**2.18 Share-based payment (Cont'd)**

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

For share-based payment transaction where the Company issued options prior to 2011, the Company will record the transaction when the options are exercised. The Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

**2.19 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.

**2.20 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.

**2.21 Provision for customers loyalty program**

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 Accounting policies (Cont'd)**

**2.22 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.

**2.23 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.

**2.24 Dividend payment**

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

**2.25 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.

##### **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 fixed. 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.

##### **3.1.4 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. 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.

##### **4.5 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 Critical accounting estimates, assumptions and judgements (Cont'd)**

##### **4.6 Impairment of goodwill**

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.11. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 14).

If the estimated cost of capital used in determining the pre-tax discount rate applied to the discounted cash flows had been 1.0% higher than management's estimates (for example, 9.5% instead of 8.5%), the Group would have recognised a further impairment against goodwill by Baht 37.00 million.

##### **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 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 program**

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

#### **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 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 Total
<b>For the year ended 31 December 2012</b>							
Revenues							
- Gross segment revenues	4,699	669	597	605	787	194	7,551
- Inter segment revenues	(258)	(20)	(85)	(100)	(53)	(70)	(586)
Net revenues	4,441	649	512	505	734	124	6,965
Segment results	505	425	7	51	(176)	(34)	778
Compensation income							68
Gain on disposal of investment							214
Impairment of goodwill	(5)				(50)		(55)
Unallocated income							9
Operating profit							1,014
Finance costs							(133)
Share of profit of associates and joint ventures							157
Profit before income tax							1,038
Income tax							(282)
Net profit							756
Segment fixed assets	3,074	46	807	1,386	11	8	5,332
Investments in associates and interest in joint ventures							2,122
Unallocated assets							4,088
Consolidated total assets							11,502

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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 Total
<b>For the year ended 31 December 2011</b>							
Revenues							
- Gross segment revenues	4,547	579	582	568	862	188	7,326
- Inter segment revenues	(237)	(6)	(89)	(85)	(92)	(69)	(578)
Net revenues	4,310	573	493	483	770	119	6,748
Segment results	522	416	(5)	88	(1)	(18)	1,002
Gain on disposal of investment							9
Unallocated costs							(59)
Operating profit							952
Finance cost							(144)
Share of profit of associates and joint ventures							212
Profit before income tax							1,020
Income tax							(218)
Net profit							802
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							3,717
Consolidated total assets							10,988

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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	
	2012	2011	2012	2011
Cash on hand	31,471,741	31,874,572	22,895,066	22,946,348
Deposits held at call with banks	449,261,181	428,925,675	308,477,828	335,366,536
Cash and cash equivalents	<u>480,732,922</u>	<u>460,800,247</u>	<u>331,372,894</u>	<u>358,312,884</u>

The effective interest rates on short-term bank deposit are ranging from 0.10 % to 3.25% per annum (2011: 0.25% to 2.50% per annum).

**8 Investments**

	Unit: Baht	
	Consolidated and Company	
	2012	2011
Current	-	50,595,828
Non-current	372,406,147	177,457,846
	<u>372,406,147</u>	<u>228,053,674</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	
	2012	2011
Opening book value	50,595,828	48,526,268
Additions	-	250,050,000
Disposals	(49,818,490)	(250,000,000)
Change in fair value of investment	(777,338)	2,019,560
Closing book value	<u>-</u>	<u>50,595,828</u>

During 2012, the Company disposed all short-term investment and recognised gain on disposal of Baht 3.40 million (2011: Baht 0.14 million).

**8 Investments (Cont'd)**

**Non-current - available-for-sale securities**

	<b>Unit: Baht</b>	
	<b>Consolidated and Company</b>	
	<b>2012</b>	<b>2011</b>
Investments in other companies	372,406,147	177,457,846
<u>Less</u> allowance for impairment	-	-
Investments in other companies, net	<u>372,406,147</u>	<u>177,457,846</u>
Movements of non-current investments are as follows:		
Opening book value	177,457,846	278,094,853
Disposals	-	(44,918,290)
Reversal	-	19,766,982
Change in fair value of investments	<u>194,948,301</u>	<u>(75,485,699)</u>
Closing book value	<u>372,406,147</u>	<u>177,457,846</u>

During 2011, the Company disposed available-for-sale securities and recognised loss on disposal of Baht 13.84 million.

**PVR Company Limited**

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 8.84% 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	
	2012	2011	2012	2011
Third parties				
- Trade accounts receivable	828,289,046	702,755,496	65,915,475	103,794,872
- unbilled revenue	147,506,084	124,206,678	36,203,791	9,575,332
Total	975,795,130	826,962,174	102,119,266	113,370,204
<u>Less</u> Allowance for doubtful accounts	(50,436,954)	(44,872,498)	-	-
Trade accounts receivable - Third parties, net	925,358,176	782,089,676	102,119,266	113,370,204
Trade accounts receivable				
- Related parties (Note 33)	8,860,461	24,255,009	132,621,634	223,820,924
Amounts due from related parties (Note 33)	43,904,035	38,293,081	280,199,584	326,382,261
Other accounts receivable	397,502,420	208,015,712	283,912,002	110,073,610
Prepaid expenses	77,934,522	37,350,566	51,771,475	9,239,696
Trade account and other receivables	<u>1,453,559,614</u>	<u>1,090,004,044</u>	<u>850,623,961</u>	<u>782,886,695</u>

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

	Unit: Baht			
	Consolidated		Company	
	2012	2011	2012	2011
Unbilled revenue	147,506,084	124,206,678	36,203,791	9,575,332
Trade accounts receivable				
Current	392,684,328	292,483,958	32,465,406	33,917,758
Overdue less than 3 months	220,243,525	313,185,511	31,110,275	65,527,718
3 - 6 months	75,602,717	22,765,620	545,044	1,058,924
Over 6 months	139,758,476	74,320,407	1,794,750	3,290,472
Total	975,795,130	826,962,174	102,119,266	113,370,204
<u>Less</u> Allowance for doubtful accounts	(50,436,954)	(44,872,498)	-	-
Trade accounts receivable, net	<u>925,358,176</u>	<u>782,089,676</u>	<u>102,119,266</u>	<u>113,370,204</u>

**10 Inventories, net**

	Unit: Baht			
	Consolidated		Company	
	2012	2011	2012	2011
Foods and beverages	48,594,571	43,136,467	33,104,262	28,397,339
VCD and DVD, net of allowance	71,267,512	101,159,358	-	-
Supplies and others	11,650,351	6,473,004	5,006,696	4,858,587
Goods in transit	728,266	3,082,002	-	-
Inventories, net	<u>132,240,700</u>	<u>153,850,831</u>	<u>38,110,958</u>	<u>33,255,926</u>

Cost of inventory was recognised as an expense and included in cost amounting to Baht 500.40 million and Baht 246.94 million in the consolidated and company income statements, respectively (2011: Baht 499.12 million and Baht 222.42 million).

The Group recorded loss from obsolescence and allowance for diminution in value to inventories in the consolidated income statement for the year ended 31 December 2012 amounting to Baht 32.95 million (2011: Baht 2.38 million).

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**11 Other current assets**

	Unit: Baht			
	Consolidated		Company	
	2012	2011	2012	2011
Value added tax receivable	122,038,261	97,106,812	23,629,542	19,776,377
Withholding tax deducted at sources	26,437,635	42,678,444	-	-
Others	14,363,798	44,875,692	3,197,067	16,540,710
	<u>162,839,694</u>	<u>184,660,948</u>	<u>26,826,609</u>	<u>36,317,087</u>

**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	
	2012	2011
Investment in subsidiaries	2,354,200,286	1,911,916,647
<u>Less</u> Allowance for impairment	(3,000,000)	-
Investment in subsidiaries, net	<u>2,351,200,286</u>	<u>1,911,916,647</u>

**For the years ended 31 December**

Opening net book amount	1,911,916,647	1,878,640,243
Acquisitions	486,532,739	33,276,404
Share reduction	(44,249,100)	-
Impairment	(3,000,000)	-
Closing net book amount	<u>2,351,200,286</u>	<u>1,911,916,647</u>

**During 2012**

**Additional of investment in subsidiaries**

**EGV Entertainment Public Company Limited (“EGV”)**

The Company has purchased additional common shares of EGV of 103 million shares totalling Baht 470.00 million from a subsidiary. The aforesaid addition of investment resulted in change to direct shareholding percentage from 60.36% to 99.98% and indirect shareholding percentage from 39.61% to none. Nevertheless, this transaction does not have effect to the consolidated financial statements.

**M Picture Entertainment Public Company Limited (“MPIC”)**

The Company has made additional investment in MPIC of 11.47 million shares totalling Baht 16.53 million. The acquisition resulted in the change in shareholding percentage from 66.07% to 67.86%. The difference from additional investment of 12.99 million was recognised as “Discount from business combination under common control” in the consolidated shareholders’ equity.

In December 2012, the Group recognised an impairment loss on goodwill amounting to Baht 50.00 million (Note 14). The impairment was primarily due to the following key factors being i) the decrease in projected revenue arising from external factors including changes in customers’ behavior, technology and distribution channel particularly on VCD and DVD products impacting long term trading performance as well as overall market situation and trend and ii) recent cancellation of a distribution contract with a major movie studio in January 2013.

**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 2012**

**Share reduction in subsidiaries**

**Chiangmai Cineplex Co., Ltd. ("CMC")**

The shareholders of CMC have approved to decrease the registered share capital from par value of Baht 100 per share to Baht 25 per share for 200,000 shares, totalling Baht 15,000,000. The Company received a share reduction totalling Baht 14,999,475 in November and December 2012.

**Udon Five Star Cineplex Co., Ltd. ("UDF")**

The shareholders of UDF have approved to decrease the registered share capital from par value of Baht 100 per share to Baht 25 per share for 390,000 shares, totalling Baht 29,250,000. The Company received a share reduction totalling Baht 29,249,625 in November 2012.

In addition, the Company recognised an impairment loss of goodwill of Baht 5,047,537 and allowance for impairment in investment of UDF amounting to Baht 3,000,000 in the consolidated and company income statements, respectively.

During 2012, several subsidiaries paid dividend to the Company totalling Baht 38.18 million, was presented as "Other operating income" on the Company income statement.

**During 2011**

**M Picture Entertainment Public Company Limited ("MPIC")**

**Additional of investment in subsidiary**

During 2011, the Company has made additional investment in 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 ("TLO")**

**Acquisition of investment**

During 2011, the Company has made investment in TLO of 0.12 million shares, totalling Baht 12.00 million. The acquisition resulted in shareholding percentage of 60.00%, with goodwill of Baht 3.70 million (Note 14).

Subsequently, the Company has made additional investments in TLO of 0.20 million shares, totalling Baht 20.00 million. The acquisition resulted in the change in shareholding percentage from 60.00% to 80.00%.

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**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 associates**

	Unit: Baht			
	Consolidated		Company	
	2012	2011	2012	2011
Opening net book amount	1,977,166,901	2,205,262,747	1,792,353,449	1,878,745,369
Effect from change in accounting policy	-	(3,883,256)	-	-
Acquisitions	33,025,890	129,999,885	33,025,890	129,999,885
Disposals	(150,892,414)	(19,774,466)	(108,956,995)	(13,891,805)
Decrease in share reduction of an associate	-	(202,500,000)	-	(202,500,000)
Dividend received	(121,345,342)	(340,105,648)	-	-
Share of result	145,930,981	208,167,639	-	-
Closing net book amount	<u>1,883,886,016</u>	<u>1,977,166,901</u>	<u>1,716,422,344</u>	<u>1,792,353,449</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 2012, the Group realised gain on disposal in the consolidated income statement of Baht 16.32 million (2011: Baht 16.32 million).

As at 31 December 2012, investment in associates included net book value of goodwill in the consolidated financial statements amounting to Baht 44.12 million (2011: Baht 44.12 million).

**During 2012**

**Siam Future Development Public Company Limited (“SF”)**

**Additional of investment in associate**

During the 2012, the Company has made additional investment in SF of 4.23 million shares totalling Baht 33.03 million.

**Disposal of investment in associate**

During 2012, the Company disposed its investment in SF of 48.46 million shares for the considerations of Baht 361.16 million and recognised gain from disposal amounting to Baht 210.27 million, and Baht 252.20 million in the consolidated and company income statements, respectively.

The aforesaid additional and disposal of investment resulted in the change to shareholding percentage from 24.46% to 20.49%.

At the Annual General Shareholders Meeting of SF held on 22 March 2012, the shareholders approved a dividend payment of 129,995,010 shares at par of Baht 1 to the shareholders at a rate of 8 shares per 1 share dividend. The dividend payment rate is Baht 0.125 per share. The fractions of shares will receive in cash at the rate of Baht 0.125 per share and the dividend payment in cash is Baht 0.01389 per share, totalling dividend payment per share is Baht 0.13889. The dividends were distributed to the shareholders listed in the register on 3 April 2012. The Company received a share dividend of 30.31 million shares and a cash dividend of Baht 3.37 million on 20 April 2012.

During 2012, the Company received dividends from associates amounting to Baht 121.35 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 venture are as follows:**  
(Cont'd)

**Investment in associates (Cont'd)**

**During 2011**

**Siam Future Development Public Company Limited (“SF”)**

**Additional of investment in associate**

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, respectively.

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.

During 2011, the Company received dividends from associates amounting to Baht 340.11 million, which included in “Other income” in the company income statement.

**Interest in joint ventures**

	<b>Unit: Baht</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Opening book amount	113,228,869	61,248,911	103,119,735	55,519,755
Effect from change in accounting policy	-	(192,195)	-	-
Investment in joint venture	113,673,300	48,599,980	113,673,300	48,599,980
Disposal	-	(592,220)	-	(1,000,000)
Share of result	11,261,354	4,164,393	-	-
Closing book amount	<u>238,163,523</u>	<u>113,228,869</u>	<u>216,793,035</u>	<u>103,119,735</u>

**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 (Cont'd)**

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

	<b>Unit: Baht</b>	
	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
Non-current assets	248,215,462	115,345,890
Current assets	81,848,504	42,936,146
Total assets	330,063,966	158,282,036
Non-current liabilities	53,862,406	17,142,944
Current liabilities	63,955,830	41,723,015
Total liabilities	117,818,236	58,865,959
Net assets	212,245,730	99,416,077
Revenue	143,120,183	73,066,526
Expenses	133,002,997	68,792,777
Proportionate interest in joint venture commitments	Nil	Nil

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

**During 2012**

**PVR Blu Entertainment Co., Ltd. ("PVR blu-O")**

**Additional of investment in joint venture**

On 11 November 2011, the Board of Directors Meeting No. 4/2554, the directors approved for the additional investment of Rupee 276.00 million to retain the percentage of shareholding at 49% in PVR blu-O. During 2012, the Company paid for the share subscription of Rupee 168.70 million, equivalents to Baht 103.67 million, the remaining will be paid by March 2013.

**K Arena Co., Ltd. ("K Arena")**

**Acquisition of investment**

On 27 April 2012, the Company invested in K Arena, which engages in karaoke service amounting to Baht 10.00 million, representing 50% of its registered shares.

**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 (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 49.99% 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 in the consolidated income statement.

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

**PVR Bluo 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 retain 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.

**Major Cineplex Group Public Company Limited**  
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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	
			2012	2011
<b>Subsidiaries</b>				
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.	Rental and 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	99.98 -	60.36 39.61
M Pictures Entertainment Public Company Limited ("MPIC")	Publishing, advertising and distribution of film rights	Shareholder	67.86	66.07
Talent One Co., Ltd.	Film production and services for all forms of entertainment	Shareholder	80.00	80.00
<b>Subsidiaries under EGV</b>				
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
<b>Subsidiaries under MPIC</b>				
TV Forum Co., Ltd.	Television media	Indirect shareholding	67.86	66.07
M Pictures Co., Ltd.	Distribution of film rights for cinema services, VCD/DVD production and TV broadcast	Indirect shareholding	67.86	66.07
M.V.D. Co., Ltd. ("MVD")	Distribution of VCD/DVD and film rights	Indirect shareholding	67.86	66.07
M Thirtynine Co., Ltd.	Studio film production	Indirect shareholding	67.86	66.07

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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	
			2012	2011
<b>Subsidiaries under MVD</b>				
Pacific Media Sale Co., Ltd.	Distribution of tape, CD, VDO, VCD and DVD	Indirect shareholding	67.46	65.68
<b>Associates</b>				
Siam Future Development Public Company Limited ("SF")	Rental of building space and utilities services	Shareholder	20.49	24.46
Ratchayothin Avenue Co., Ltd.	Rental of building space and utilities services	Shareholder	50.00	50.00
		Indirect shareholding via SF	10.25	12.23
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
<b>Joint ventures</b>				
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	44.99
K Arena Co., Ltd.*	Karaoke services	Shareholder	50.00	-

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 invested in 2012.

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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 (loss) Baht</u>	<u>% Ownership interest</u>
<b>Year ended 31 December 2011</b>					
<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
<b>Year ended 31 December 2012</b>					
<u>Associates</u>					
Siam Future Development Public Company Limited	1,468,360,836	855,650,527	301,557,594	(6,665,693)	20.49
Ratchayothin Avenue Company Limited	353,483,538	187,210,289	27,669,724	169,489	50.00
			Indirect shareholding via SF		10.25
Major Cineplex Lifestyle Leasehold Property Fund	1,347,087,413	39,504,367	160,145,398	132,242,348	33.33
Thaiticketmajor Company Limited	70,235,897	45,555,900	82,468,560	20,184,837	40.00

**Major Cineplex Group Public Company Limited**  
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**13 Property, plant and equipment, net**

	Consolidated							Unit: Baht	
	Land	Buildings and building improvements	Theatres and theatre improvements	Utility system	Tools, equipments and fixtures	Office equipments	Motor vehicles	Construction in progress	Total
<b>At 1 January 2011</b>									
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>
<b>For the year ended 31 December 2011</b>									
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>
<b>At 31 December 2011</b>									
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
<u>Less</u> 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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**13 Property, plant and equipment, net (Cont'd)**

	Consolidated							Unit: Baht	
	Land	Buildings and building improvements	Theatres and theatre improvements	Utility system	Tools, equipments and fixtures	Office equipment	Motor vehicles	Construction in progress	Total
<b>For the year ended 31 December 2012</b>									
Opening net book value	208,316,998	1,059,055,558	1,759,384,610	574,180,007	1,468,459,096	51,980,008	8,242,948	51,176,153	5,180,795,378
Additions	-	3,843,449	100,260,183	58,284,311	314,110,638	21,192,114	4,136,153	271,054,563	772,881,411
Transfer	-	8,537,752	102,765,163	16,653,552	78,523,364	10,295,451	-	(216,775,282)	-
Reclassification	-	223,592,872	(212,128,647)	-	(11,464,225)	-	-	-	-
Disposals, net	-	(3,298)	(364,209)	(2,362,578)	(12,904,708)	(817,070)	-	-	(16,451,863)
Write-off, net	-	(1,763,163)	(2,420,510)	(8,457,150)	(34,869,677)	(10,408)	-	-	(47,520,908)
Depreciation charge	-	(85,523,535)	(151,962,887)	(60,820,828)	(221,130,847)	(31,657,891)	(3,513,958)	-	(554,609,946)
Impairment charge	-	-	-	(495,770)	(2,178,439)	(294,029)	-	-	(2,968,238)
Closing net book value	<u>208,316,998</u>	<u>1,207,739,635</u>	<u>1,595,533,703</u>	<u>576,981,544</u>	<u>1,578,545,202</u>	<u>50,688,175</u>	<u>8,865,143</u>	<u>105,455,434</u>	<u>5,332,125,834</u>
<b>At 31 December 2012</b>									
Cost	208,316,998	1,810,314,486	3,054,524,305	1,103,862,201	4,037,033,307	287,732,842	20,248,796	105,455,434	10,627,488,369
<u>Less</u> Accumulated depreciation	-	(602,574,851)	(1,458,990,602)	(525,236,206)	(2,451,434,064)	(236,374,953)	(11,383,653)	-	(5,285,994,329)
Allowance for impairment	-	-	-	(1,644,451)	(7,054,041)	(669,714)	-	-	(9,368,206)
Net book value	<u>208,316,998</u>	<u>1,207,739,635</u>	<u>1,595,533,703</u>	<u>576,981,544</u>	<u>1,578,545,202</u>	<u>50,688,175</u>	<u>8,865,143</u>	<u>105,455,434</u>	<u>5,332,125,834</u>

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

	Company						Construction in progress	Unit: Baht
	Land	Buildings, theatres and theatre improvements	Utility system	Tools, equipments and fixtures	Office equipment	Vehicles		
<b>At 1 January 2011</b>								
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>
<b>For the year ended 31 December 2011</b>								
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>
<b>At 31 December 2011</b>								
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>
<b>For the year ended 31 December 2012</b>								
Opening net book value	173,406,998	1,172,872,846	261,739,869	591,676,562	35,176,063	2,627,712	31,140,844	2,268,640,894
Additions	-	89,408,658	14,944,220	133,889,829	13,864,606	1,557,300	173,587,554	427,252,167
Transfer	-	95,865,713	11,465,599	50,196,620	3,791,873	-	(161,319,805)	-
Disposals, net	-	(359,709)	-	(4,525)	(145)	-	-	(364,379)
Write-off, net	-	(14,754)	-	-	-	-	-	(14,754)
Depreciation charge	-	(118,211,028)	(25,083,591)	(96,843,764)	(21,191,230)	(1,335,460)	-	(262,665,073)
Closing net book value	<u>173,406,998</u>	<u>1,239,561,726</u>	<u>263,066,097</u>	<u>678,914,722</u>	<u>31,641,167</u>	<u>2,849,552</u>	<u>43,408,593</u>	<u>2,432,848,855</u>
<b>At 31 December 2012</b>								
Cost	173,406,998	2,084,728,464	377,971,505	1,616,393,062	180,068,344	9,001,886	43,408,593	4,484,978,852
<u>Less</u> Accumulated depreciation	-	(845,166,738)	(114,905,408)	(937,478,340)	(148,427,177)	(6,152,334)	-	(2,052,129,997)
Net book value	<u>173,406,998</u>	<u>1,239,561,726</u>	<u>263,066,097</u>	<u>678,914,722</u>	<u>31,641,167</u>	<u>2,849,552</u>	<u>43,408,593</u>	<u>2,432,848,855</u>

**Major Cineplex Group Public Company Limited**  
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**13 Property, plant and equipment, net (Cont'd)**

As at 31 December 2012, the costs of fully depreciated properties and equipments that are still in use are amounting to Baht 1,780.07 million (2011: Baht 1,498.78 million), and Baht 921.34 million (2011: Baht 595.15 million) in the consolidated and the company financial statements, respectively.

During 2011, net book value of equipment of the Company's branch amounting to Baht 17.62 million have been damaged from leased termination, fire, and flood that have been written off. During 2012, the Company and a subsidiary received compensations of Baht 67.83 million and Baht 57.96 million which were included in "Other income" in the consolidated and company income statements, respectively.

As at 31 December 2012 and 2011, the Group and the Company do not pledge any assets as collateral.

During 2012, additions in the consolidated financial statements included assets acquired under finance lease agreements amounting to Baht 2.03 million (2011: Baht 1.18 million).

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

	Unit: Baht			
	Consolidated		Company	
	2012	2011	2012	2011
Cost - capitalised finance leases	27,852,687	26,358,688	21,906,697	20,412,697
<u>Less</u> Accumulated depreciation	(6,169,094)	(3,800,261)	(3,566,517)	(2,388,235)
Net book amount	<u>21,683,593</u>	<u>22,558,427</u>	<u>18,340,180</u>	<u>18,024,462</u>

**14 Goodwill, net**

	Unit: Baht	
	Consolidated	
	2012	2011
<b>At 1 January</b>		
Cost	342,112,936	342,112,936
<u>Less</u> Allowance for impairment	-	-
Net book value	<u>342,112,936</u>	<u>342,112,936</u>
<b>For the years ended 31 December</b>		
Opening net book value	342,112,936	338,408,261
Acquisition of subsidiary (Note 12)	-	3,704,675
Impairment (Note 12)	<u>(55,047,537)</u>	-
Closing net book value	<u>287,065,399</u>	<u>342,112,936</u>
<b>At 31 December</b>		
Cost	342,112,936	342,112,936
<u>Less</u> Allowance for impairment	<u>(55,047,537)</u>	-
Net book value	<u>287,065,399</u>	<u>342,112,936</u>

**Major Cineplex Group Public Company Limited**  
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**15 Intangible assets, net**

	<b>Consolidated</b>			<b>Unit: Baht</b>
	<b>Film rights</b>	<b>Computer program</b>	<b>Total</b>	<b>Company Computer program</b>
<b>At 1 January 2011</b>				
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>
<b>For the year ended 31 December 2011</b>				
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>
<b>At 31 December 2011</b>				
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>
<b>For the year ended 31 December 2012</b>				
Opening net book value	391,231,880	33,528,077	424,759,957	30,062,430
Additions	421,102,258	31,959,077	453,061,335	29,500,709
Write-off, net	(2,696,763)	(241,496)	(2,938,259)	-
Amortisation	(482,901,412)	(10,887,084)	(493,788,496)	(10,087,860)
Impairment charge	(12,455,784)	(1,316,009)	(13,771,793)	-
Closing net book value	<u>314,280,179</u>	<u>53,042,565</u>	<u>367,322,744</u>	<u>49,475,279</u>
<b>At 31 December 2012</b>				
Cost	3,251,370,122	82,048,579	3,333,418,701	71,847,554
<u>Less</u> Accumulated amortisation	(2,868,313,312)	(27,690,005)	(2,896,003,317)	(22,372,275)
Allowance for impairment	(68,776,631)	(1,316,009)	(70,092,640)	-
Net book value	<u>314,280,179</u>	<u>53,042,565</u>	<u>367,322,744</u>	<u>49,475,279</u>

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**16 Prepaid rents**

	<b>Unit: Baht</b>	
	<b>Consolidated</b>	<b>Company</b>
<b>At 1 January 2011</b>		
Cost	810,533,054	239,888,378
<u>Less</u> Accumulated amortisation	<u>(185,445,662)</u>	<u>(42,594,978)</u>
Net book value	<u>625,087,392</u>	<u>197,293,400</u>
<b>For the year ended 31 December 2011</b>		
Opening net book value	625,087,392	197,293,400
Amortisation	<u>(35,105,240)</u>	<u>(9,472,507)</u>
Closing net book value	<u>589,982,152</u>	<u>187,820,893</u>
<b>At 31 December 2011</b>		
Cost	810,533,054	239,888,378
<u>Less</u> Accumulated amortisation	<u>(220,550,902)</u>	<u>(52,067,485)</u>
Net book value	<u>589,982,152</u>	<u>187,820,893</u>
<b>For the year ended 31 December 2012</b>		
Opening net book value	589,982,152	187,820,893
Amortisation	<u>(34,390,586)</u>	<u>(9,472,507)</u>
Closing net book value	<u>555,591,566</u>	<u>178,348,386</u>
<b>At 31 December 2012</b>		
Cost	810,533,054	239,888,378
<u>Less</u> Accumulated amortisation	<u>(254,941,488)</u>	<u>(61,539,992)</u>
Net book value	<u>555,591,566</u>	<u>178,348,386</u>

	<b>Unit: Baht</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Current portion	34,653,397	34,657,257	9,472,507	9,472,507
Long-term portion	520,938,169	555,324,895	168,875,879	178,348,386
Total	<u>555,591,566</u>	<u>589,982,152</u>	<u>178,348,386</u>	<u>187,820,893</u>

Prepaid rents represent leasehold rights. As at 31 December 2012, leasehold rights with the net book value of Baht 24.00 million (2011: Baht 25.15 million) are pledged as collateral for bank borrowings (Note 19).

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**17 Other non-current assets, net**

	Unit: Baht			
	Consolidated		Company	
	2012	2011	2012	2011
Deposits	137,624,983	138,668,123	106,207,283	109,007,321
Others	12,548,288	18,097,379	11,904,403	15,460,884
	<u>150,173,271</u>	<u>156,765,502</u>	<u>118,111,686</u>	<u>124,468,205</u>

**18 Trade account and other payables**

	Unit: Baht			
	Consolidated		Company	
	2012	2011	2012	2011
Trade account and note payables	642,280,408	514,847,842	443,585,649	390,123,655
Amounts due to related parties (Note 33)	35,392,103	16,149,801	114,534,989	177,963,938
Other payables	275,803,012	268,102,303	128,694,051	131,204,261
Accrued expenses	334,915,638	289,793,261	120,693,630	105,013,542
Rental and service incomes received in advance	239,051,434	171,986,709	137,610,522	104,000,620
Trade account and other payables	<u>1,527,442,595</u>	<u>1,260,879,916</u>	<u>945,118,841</u>	<u>908,306,016</u>

Rental and service incomes received in advance included cash advanced from customers amounting to Baht 58.41 million (2011: 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	
	2012	2011	2012	2011
<b>Current</b>				
Bank overdrafts	36,668,051	26,521,537	-	-
Short-term loans from financial institutions	764,800,000	446,600,000	200,000,000	-
Total bank overdrafts and short-term loans from financial institutions	<u>801,468,051</u>	<u>473,121,537</u>	<u>200,000,000</u>	<u>-</u>
Current portion of long-term borrowings:				
- Finance lease receivable	1,336,177	1,174,927	297,642	48,220
- Bank borrowings	79,454,328	45,218,435	40,000,000	40,000,000
- Debenture	800,000,000	1,500,000,000	800,000,000	1,500,000,000
Total current portion of long-term borrowings	<u>880,790,505</u>	<u>1,546,393,362</u>	<u>840,297,642</u>	<u>1,540,048,220</u>
<b>Non-current portion</b>				
- Finance lease receivable	24,035,538	24,566,748	21,402,298	20,859,937
- Bank borrowings	145,660,467	142,436,975	100,000,000	140,000,000
- Debenture	1,000,000,000	800,000,000	1,000,000,000	800,000,000
Total non-current portion of long-term borrowings	<u>1,169,696,005</u>	<u>967,003,723</u>	<u>1,121,402,298</u>	<u>960,859,937</u>
<b>Total borrowings and debentures</b>	<u>2,851,954,561</u>	<u>2,986,518,622</u>	<u>2,161,699,940</u>	<u>2,500,908,157</u>

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**19 Borrowings (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	
	2012	2011	2012	2011
Borrowings:				
- at fixed rates	2,704,800,000	2,926,600,000	2,140,000,000	2,480,000,000
- at floating rates	121,782,846	34,176,947	-	-
	<u>2,826,582,846</u>	<u>2,960,776,947</u>	<u>2,140,000,000</u>	<u>2,480,000,000</u>

The exposure of the Group's and the Company'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
	6 months or less	6 - 12 months	1 - 5 years	
At 31 December 2012				
Total borrowings	1,584,800,000	20,000,000	1,100,000,000	2,704,800,000
	<u>1,584,800,000</u>	<u>20,000,000</u>	<u>1,100,000,000</u>	<u>2,704,800,000</u>
At 31 December 2011				
Total borrowings	1,966,600,000	20,000,000	940,000,000	2,926,600,000
	<u>1,966,600,000</u>	<u>20,000,000</u>	<u>940,000,000</u>	<u>2,926,600,000</u>
	Unit: Baht			
	Company			Total
	6 months or less	6 - 12 months	1 - 5 years	
At 31 December 2012				
Total borrowings	1,020,000,000	20,000,000	1,100,000,000	2,140,000,000
	<u>1,020,000,000</u>	<u>20,000,000</u>	<u>1,100,000,000</u>	<u>2,140,000,000</u>
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>

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

	Consolidated		Company	
	2012	2011	2012	2011
Bank overdrafts	7.38% - 7.90%	6.25% - 7.55%	-	-
Bank borrowings	3.08% - 7.00%	1.93% - 7.13%	3.08% - 4.62%	1.93% - 4.60%
Debentures	2.99% - 4.60%	3.35% - 4.80%	2.99% - 4.60%	3.35% - 4.80%

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**19 Borrowings (Cont'd)**

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

	<b>Unit: Baht</b>			
	<b>Consolidated</b>			
	<b>Carrying amounts</b>		<b>Fair values</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Long-term bank borrowings	145,660,467	142,436,975	179,407,556	154,815,674
Debentures	1,000,000,000	800,000,000	1,001,570,580	812,611,507
	<u>1,145,660,467</u>	<u>942,436,975</u>	<u>1,180,978,136</u>	<u>967,427,181</u>
	<b>Unit: Baht</b>			
	<b>Company</b>			
	<b>Carrying amounts</b>		<b>Fair values</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Long-term bank borrowings	100,000,000	140,000,000	133,747,089	152,378,699
Debentures	1,000,000,000	800,000,000	1,001,570,580	812,611,507
	<u>1,100,000,000</u>	<u>940,000,000</u>	<u>1,135,317,669</u>	<u>964,990,206</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:

	<b>Unit: Baht</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Not later than 1 year	3,300,369	3,252,128	1,995,006	1,693,602
Later than 1 year but not later than 5 years	10,611,218	9,195,449	8,694,819	6,456,627
Later than 5 years	48,072,405	51,708,100	45,602,210	48,931,196
	61,983,992	64,155,677	56,292,035	57,081,425
<u>Less</u> future finance charges on finance leases	<u>(36,612,777)</u>	<u>(38,414,002)</u>	<u>(34,592,095)</u>	<u>(36,173,268)</u>
Present value of finance lease liabilities	<u>25,371,715</u>	<u>25,741,675</u>	<u>21,699,940</u>	<u>20,908,157</u>

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**19 Borrowings (Cont'd)**

The present value of finance lease liabilities is as follows:

	Unit: Baht			
	Consolidated		Company	
	2012	2011	2012	2011
Not later than 1 year	1,336,177	1,174,927	297,642	48,220
Later than 1 year	24,035,538	24,566,748	21,402,298	20,839,937
	<u>25,371,715</u>	<u>25,741,675</u>	<u>21,699,940</u>	<u>20,908,157</u>

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

	Unit: Baht			
	Consolidated		Company	
	2012	2011	2012	2011
Opening balance	187,655,411	268,125,000	180,000,000	100,000,000
Additions	91,800,000	221,800,000	-	200,000,000
Repayments	(54,340,616)	(302,269,590)	(40,000,000)	(120,000,000)
Closing balance	<u>225,114,795</u>	<u>187,655,410</u>	<u>140,000,000</u>	<u>180,000,000</u>
Maturity of bank borrowings:				
Within 1 year	79,454,328	45,218,435	40,000,000	40,000,000
Between 1 year and 2 years	74,321,079	42,436,975	40,000,000	40,000,000
Between 2 years and 5 years	71,339,388	100,000,000	60,000,000	100,000,000
	<u>145,660,467</u>	<u>142,436,975</u>	<u>100,000,000</u>	<u>140,000,000</u>
	<u>225,114,795</u>	<u>187,655,410</u>	<u>140,000,000</u>	<u>180,000,000</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 3.08% to 6.50% per annum (2011: 1.93% to 7.13% per annum).

Long-term bank borrowings bear interest at the rates ranging from 4.60% to 7.00% per annum (2011: 4.60% to 6.63% 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 (Cont'd)**

**Debentures**

	<b>Unit: Baht</b>	
	<b>Consolidated</b>	<b>Company</b>
Opening amount	2,300,000,000	2,300,000,000
Issuance of debenture	1,000,000,000	1,000,000,000
Repayment of debenture	<u>(1,500,000,000)</u>	<u>(1,500,000,000)</u>
Closing amount	<u>1,800,000,000</u>	<u>1,800,000,000</u>

During 2012, the Company issued unsubordinated debenture of Baht 1,000.00 million. The debenture is one-time return the principal on maturity date, unsecured, with a representative of the bondholders. The term of the debenture is 5 years from the issuance date. The interest rate is 4.60% per annum. The Company received considerations of Baht 1,000 million on 10 August 2012. The Company used proceeds from the debentures to repay bank borrowings.

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:

<b>Term</b>	<b>Issue date</b>	<b>Maturity date</b>	<b>Debentures Baht Million</b>	<b>Fixed interest rate (%) per annum</b>
3 years	9 April 2010	17 May 2013	800	3.35
5 years	10 August 2012	10 August 2017	1,000	4.60

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 2012, the available credit facilities from financial institutions of the Group and the Company are Baht 4,843.42 million, and Baht 4,375.00 million, respectively, (2011: Baht 4,330.18 million, and Baht 3,675.00 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**

	<b>Unit: Baht</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Undue output value added tax	50,210,515	54,035,154	11,567,131	19,978,360
Provision for customers loyalty program	16,870,000	16,100,000	16,870,000	16,100,000
Provision for goods returned	28,943,703	52,516,963	-	-
Others	41,796,506	19,460,035	8,154,830	6,758,544
	<u>137,820,724</u>	<u>142,112,152</u>	<u>36,591,961</u>	<u>42,836,904</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	
	2012	2011	2012	2011
Present value of unfunded obligation	18,869,662	16,532,500	10,431,741	9,191,596
Liability in the statement of financial position	<u>18,869,662</u>	<u>16,532,500</u>	<u>10,431,741</u>	<u>9,191,596</u>

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

	Unit: Baht			
	Consolidated		Company	
	2012	2011	2012	2011
At 1 January	16,532,500	14,304,581	9,191,596	8,037,881
Current service cost	1,820,147	1,737,419	895,591	850,395
Interest cost	517,015	490,500	344,554	303,320
At 31 December	<u>18,869,662</u>	<u>16,532,500</u>	<u>10,431,741</u>	<u>9,191,596</u>

The amounts recognised in the income statements are as follows:

	Unit: Baht			
	Consolidated		Company	
	2012	2011	2012	2011
Current service cost	1,820,147	1,737,419	895,591	850,395
Interest cost	517,015	490,500	344,554	303,320
Total, included in staff costs	<u>2,337,162</u>	<u>2,227,919</u>	<u>1,240,145</u>	<u>1,153,715</u>

Of the total charge, Baht 2,337,162 and Baht 1,240,145 (2011: 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	
	2012	2011	2012	2011
Discount rate	3.80%	3.80%	3.80%	3.80%
Inflation rate	3.00%	3.00%	3.00%	3.00%
Future salary increases	3.00% - 9.00%	3.00% - 9.00%	3.00% - 9.00%	3.00% - 9.00%

**22 Other non-current liabilities**

	Unit: Baht			
	Consolidated		Company	
	2012	2011	2012	2011
Deposit	209,904,513	215,268,045	22,106,514	20,252,901
Rental and services income received in advance	206,611,088	227,254,277	-	-
Compensation received for construction	38,331,900	-	38,331,900	-
	<u>454,847,501</u>	<u>442,522,322</u>	<u>60,438,414</u>	<u>20,252,901</u>

The Company received a compensation from the lessors amounting to Baht 38.33 million. The compensative recognised as a discount rental fee that will be paid over the lease agreement.

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**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
<b>At 1 January 2011</b>	906,000,000	881,897,219	881,897,219	3,839,673,605
Issuance of shares	-	-	-	-
<b>At 31 December 2011</b>	906,000,000	881,897,219	881,897,219	3,839,673,605
Issuance of shares				
- Reserve for exercise of warrants - ESOP-W4	8,690,000	-	-	-
- Exercised warrant - ESOP-W3		5,679,124	5,679,124	79,825,767
Share reduction	(10,189,010)	-	-	-
<b>At 31 December 2012</b>	<u>904,500,990</u>	<u>887,576,343</u>	<u>887,576,343</u>	<u>3,919,499,372</u>

The total authorised number of ordinary shares is 904,500,990 shares (2011: 906,000,000 shares) with a par value of Baht 1 per share (2011: Baht 1 per share). The issued and fully paid-up ordinary shares is 887,576,343 shares (2011: 881,897,219 shares).

At the Annual General Shareholders Meeting dated 3 April 2012, the shareholders approved the reduction of registered share capital from Baht 906,000,000 to Baht 895,810,990 by eliminating remaining unissued shares of the Company for 10,189,010 shares at a par of Baht 1 per share.

At the Annual General Shareholders Meeting dated 3 April 2012, the shareholders approved the increase of registered share capital from Baht 895,810,990 to Baht 904,500,990 by issuing new ordinary shares of 8,690,000 shares at a par value of Baht 1 per share to reserve for exercise of warrants (ESOP-W4). The Company registered the decrease and increase of share capital with the Ministry of Commerce on 12 April 2012 and 17 April 2012, respectively.

During 2012, warrants (ESOP-W3) have been exercised 5,679,124 options totalling Baht 85,504,891 including share premium of Baht 79,825,767.

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 267.92 million 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 Share-based payment - Warrants**

**24.1 Warrants issued and offered to employees (ESOP)**

The Company issued and offered grants of warrants to 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-W4	10 April 2012	8.69	15.44	30 June 2014	9 April 2017

24 Share-based payment – Warrants (Cont'd)

24.1 Warrants issued and offered to directors and employees (ESOP) (Cont'd)

The exercise prices and ratios of warrants are as follows:

	<u>Exercise Ratio unit/share</u>	<u>Exercise price Baht/unit</u>
ESOP-W4	1.000	15.440

During 2012, warrants 5,097,960 options have been exercised totalling Baht 85,504,891 (Note 23). The remaining warrants of 7,391,960 options have been expired on 15 November 2012.

24.2 Warrants issued and offered to employees - a subsidiary (ESOP)

The subsidiary issued and offered grants of warrants to 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:

	<u>Issued date</u>	<u>Issued units Million</u>	<u>Exercise price Baht/unit</u>	<u>Exercise period</u>	
				<u>Start</u>	<u>End</u>
ESOP-W1	10 April 2012	4.42	1.59	30 June 2014	23 April 2017

The exercise prices and ratios of warrants are as follows:

	<u>Exercise Ratio unit/share</u>	<u>Exercise price Baht/unit</u>
ESOP-W1	1.000	1.59

During 2012, warrants have not been exercised since the offered price exceeds the market price.

During 2012, there is no change in the condition of warrants (ESOP - W4 and ESOP - W1).

Movements in the number of warrants outstanding and their related weighted average exercise prices are as follows:

	<u>Consolidated</u>		<u>Company</u>	
	<u>Average exercise price Baht per share</u>	<u>Option</u>	<u>Average exercise price Baht per share</u>	<u>Option</u>
At 1 January 2012	16.45	12,489,920	16.45	12,489,920
Granted				
by the Company - ESOP - W4	15.44	8,690,000	15.44	8,690,000
by the subsidiary - ESOP - W1	1.59	4,424,625	-	-
Forfeited	-	-	-	-
Exercised				
by the Company - ESOP - W3	15.05	(5,097,960)	15.05	(5,097,960)
Expired				
by the Company - ESOP - W3	15.05	(7,391,960)	15.05	(7,391,960)
At 31 December 2012		<u>13,114,625</u>		<u>8,690,000</u>

As at 31 December 2012, the Company and its subsidiary have 8,690,000 and 4,424,625 outstanding warrants, respectively, was exercisable.

**24 Share-based payment – Warrants (Cont'd)**

The weighted average fair value of options granted by the Company and the subsidiary during the year determined using the Black-Scholes valuation model are consisted:

Variable	The Company ESOP - W4	The Subsidiary ESOP - W1
Fair value of warrant (Baht per option)	3.90 - 4.69	0.75
Volatility (%)	32.01 - 37.58	69.25
Dividend yield (%)	4.41 - 6.55	2.12
Weighted average share price at the grant date (Baht per share)	18.20	1.49
Expected option life (year)	2.22 - 4.22	5
Risk-free interest rate (%)	3.39 - 3.59	3.51

Volatility is derived from historical fluctuation of MAJOR and MPIC stock price. Historical period under consideration is based on remaining life of MAJOR-ESOP-W4 and MPIC-ESOP-W1, given that value of MAJOR-ESOP-W4 and MPIC-ESOP-W1 will rise when there is high fluctuation of MAJOR and MPIC stock price, respectively.

The Group and the Company recognised the value of warrants over the vesting period. As at 31 December 2012, the amount of Baht 9,191,064 and Baht 8,900,000, respectively, are recognised as an expense in the consolidated and company income statements with a corresponding credit to the consolidated and company equity.

**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	
	2012	2011
Opening balance	156,876,010	137,100,380
Effect from change in accounting policy	-	(1,098,538)
Balance after adjustment	156,876,010	136,001,842
Addition investment in subsidiary by purchasing share from non-controlling interest	(3,546,664)	(932,242)
Acquisition of subsidiaries	-	5,530,217
Share of profit from subsidiaries	(55,313,258)	20,641,321
Dividend payment	(10,870,674)	(4,365,128)
Closing balance	<u>87,145,414</u>	<u>156,876,010</u>

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**27 Other operating income**

	Unit: Baht			
	Consolidated		Company	
	2012	2011	2012	2011
Dividend income (Note 12)	2,779,970	7,585,341	162,309,542	868,788,210
Gains on disposals of property, plant and equipment	6,100,475	4,263,542	6,871,861	4,103,568
Gains on disposals of investments (Note 12)	213,671,224	8,971,366	255,606,643	14,446,247
Management fee income	43,876,614	42,165,068	42,367,554	42,165,069
Interest income	19,011,178	22,585,772	82,384,322	93,005,822
Gain on exchange rate	3,093,939	146,204	1,028,477	354,985
Property tax income	25,124,574	25,499,624	3,175,701	2,705,773
Compensation income (Note 13)	67,828,723	-	57,961,638	-
Others	51,208,347	26,701,776	16,767,532	14,144,825
	<u>432,695,044</u>	<u>137,918,693</u>	<u>628,473,270</u>	<u>1,039,714,499</u>

**28 Expenses by nature**

	Unit: Baht			
	Consolidated		Company	
	2012	2011	2012	2011
Depreciation on property and equipment (Note 13)	554,609,946	564,198,687	262,665,073	276,292,365
Amortisation of intangible assets				
- film rights (Note 15)	482,901,412	376,988,905	-	-
- Computer software (Note 15)	10,887,084	7,811,050	10,087,860	7,132,418
- prepaid rents (Note 16)	34,390,586	35,105,240	9,472,507	9,472,507
Impairment of investment (Note 12)	-	-	3,000,000	-
Impairment of goodwill (Note 14)	55,047,537	-	-	-
Impairment of assets (Notes 13 and 15)	16,740,031	13,453,928	-	-
Repairs and maintenance expenditure	60,418,305	61,574,251	31,076,737	30,928,605
Staff costs	693,374,686	647,399,343	372,550,412	354,145,180
Loss from written-off of property, plant and equipment	50,459,167	19,856,226	14,754	12,489,319
Doubtful debts and bad debts (reversal)	13,818,766	403,920	1,069,133	(87,651)
Loss on diminution in value of inventories	32,951,984	2,380,953	-	-
Loss on goods returns (reversal)	(23,473,259)	14,854,908	-	-
Inventory				
- Cost of inventories recognised as expense (included in "Cost of sales")	500,403,367	499,117,882	246,943,842	222,417,373

**29 Finance costs**

	Unit: Baht			
	Consolidated		Company	
	2012	2011	2012	2011
<b>Interest expenses:</b>				
Bank borrowings	53,130,009	35,275,044	17,316,040	8,356,106
Borrowings - subsidiaries	-	8,075,347	5,857,089	11,649,655
Finance lease	1,983,531	1,875,035	1,692,789	1,606,386
Debentures	77,973,831	98,809,998	77,973,832	98,809,998
Total	<u>133,087,371</u>	<u>144,035,424</u>	<u>102,839,750</u>	<u>120,422,145</u>

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**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 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 2012 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 2012.

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

	<b>Consolidated</b>					
	<b>Profit</b>		<b>Weighted average number of shares</b>		<b>Earnings per share</b>	
	<b>Baht</b>		<b>shares</b>		<b>Baht</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>For the years ended 31 December</b>						
Basic earnings per share	811,141,702	781,670,903	884,194,660	868,896,508	0.92	0.90
The effect of dilutive potential shares	-	-	2,806,472	-	-	-
Diluted earnings per share	811,141,702	781,670,903	887,001,132	868,896,508	0.91	0.90
	<b>Company</b>					
	<b>Profit</b>		<b>Weighted average number of shares</b>		<b>Earnings per share</b>	
	<b>Baht</b>		<b>shares</b>		<b>Baht</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>For the years ended 31 December</b>						
Basic earnings per share	750,032,635	1,187,614,314	884,194,660	868,896,508	0.85	1.37
The effect of dilutive potential shares	-	-	2,806,472	-	-	-
Diluted earnings per share	750,032,635	1,187,614,314	887,001,132	868,896,508	0.85	1.37

**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 2012**

At the Board of Directors Meeting held on 14 August 2012, the directors passed a resolution to approve interim dividends in respect of the operating results for the period from January to June 2012 at Baht 0.39 per share, totalling of Baht 344.96 million. The dividends were distributed to shareholders listed in the register on 28 August 2012. The dividend were distributed the shareholders on 11 September 2012.

At the Board of Directors Meeting held on 16 February 2012, the directors passed a resolution to approve 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 were distributed to the shareholders listed in the register on 5 March 2012 that approved by the Annual Ordinary Shareholders Meeting on 3 April 2012. The dividend were distributed the shareholders on 2 May 2012.

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**32 Cash flows from operating activities**

Reconciliation of net profit to cash flows from operating activities:

	Notes	Unit: Baht			
		Consolidated		Company	
		2012	2011	2012	2011
Profit before income tax		1,037,743,158	1,019,910,397	941,410,857	1,309,049,601
Adjustments for:					
Depreciation and amortisation	28	1,082,789,028	984,103,882	282,225,440	292,897,290
Doubtful accounts and bad debts (reversal)	28	13,818,766	403,920	1,069,134	(87,651)
Provision for goods returns (reversal)	28	(23,473,259)	14,854,908	-	-
Loss on write-off inventory	10	-	4,564,280	-	-
Loss on diminution in value of inventories (reversal)	10	32,951,984	(2,183,328)	-	-
Loss on impairment of investment in subsidiary	12	-	-	3,000,000	-
Loss on impairment of long-term investment (reversal)	8	-	(19,766,982)	-	(19,766,982)
Loss on impairment of assets		16,740,031	9,060,934	-	-
Loss on impairment of goodwill	14	55,047,537	-	-	-
Written-off assets		4,928,913	365,131	-	-
Gain on disposals of property, plant and equipment and leasehold rights		(6,894,392)	(4,443,979)	(6,871,861)	(4,103,568)
Loss on write-off of property, plant and equipment and intangible assets	13, 15	50,459,167	19,856,226	14,754	12,489,319
Shares of profit from associates and joint ventures	12	(157,192,335)	(212,332,032)	-	-
Gain on disposals of investments in subsidiaries associates and joint venture	12	(210,266,963)	(22,672,204)	(252,202,382)	(28,147,085)
Gain on disposal of short-term investment	8	(3,404,261)	(140,854)	(3,404,261)	(140,854)
Loss on disposal of long-term investment	8	-	33,608,674	-	33,608,674
Provision for loyalty program	20	770,000	16,100,000	770,000	16,100,000
Provision for employee benefit	21	2,337,162	2,227,919	1,240,145	1,153,715
Warrants	24	9,191,064	-	8,900,000	-
Dividend income	27	(2,779,970)	(7,585,341)	(162,309,542)	(868,788,210)
Interest income	27	(19,011,178)	(22,585,771)	(82,384,322)	(93,005,822)
Finance costs	29	133,087,371	144,035,424	102,839,750	120,422,145
Changes in operating assets and liabilities:					
- trade account and other receivable		(236,834,644)	(53,506,849)	42,049,015	32,273,177
- inventories		(11,441,853)	(21,616,133)	(4,855,031)	(13,892,318)
- films under production		(20,626,329)	1,580,413	-	-
- other current assets		6,401,103	(30,337,281)	9,490,477	(404,778)
- receivables under finance lease agreements		(400,776)	(1,911,115)	-	-
- accounts receivable long-term contract		18,656,177	17,078,893	18,656,177	17,078,893
- other non-current assets		3,035,752	(58,351,494)	2,800,038	(57,476,655)
- trade account and other payables		(6,579,993)	(43,515,303)	(118,807,204)	(18,226,718)
- other current liabilities		19,069,128	(7,795,372)	(7,014,943)	2,037,779
- other non-current liabilities		12,325,178	(14,292,616)	40,185,513	(556,090)
Cash flows from operating activities		<u>1,800,445,566</u>	<u>1,744,714,347</u>	<u>816,801,754</u>	<u>732,513,862</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

	<b>Unit: Baht'000</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Sales of goods and services</b>				
Subsidiaries	-	-	313,531	814,257
Associates	3,508	2,940	17,075	226,323
Leasehold property fund	62,994	60,629	143,532	116,646
Joint ventures	3,798	1,373	677	693
Related parties	57,528	81,037	10,805	21,089
	<u>127,828</u>	<u>145,979</u>	<u>485,620</u>	<u>1,179,008</u>
<b>Sale of equipment</b>				
Subsidiaries	-	-	-	1,980
Joint ventures	22,811	-	7,160	-
	<u>22,811</u>	<u>-</u>	<u>7,160</u>	<u>1,980</u>

#### ii) Purchase of goods and services and others

	<b>Unit: Baht'000</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Purchases of goods and services</b>				
Subsidiaries	-	-	175,584	148,964
Associates	41,837	59,654	31,604	41,528
Leasehold property fund	142,744	131,831	103,873	98,377
Related parties	124,558	102,377	109,377	89,185
	<u>309,139</u>	<u>293,862</u>	<u>420,438</u>	<u>378,054</u>
<b>Purchases of fixed assets</b>				
Subsidiaries	-	-	-	12,232
	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,232</u>
<b>Management's remunerations</b>				
Management	46,104	45,248	25,974	25,938
	<u>46,104</u>	<u>45,248</u>	<u>25,974</u>	<u>25,938</u>

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:

	<b>Pricing policies</b>
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

	<b>Unit: Baht'000</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Trade accounts receivable (include unbilled revenue)</b>				
Subsidiaries	-	-	130,858	219,334
Associates	3,984	9,294	1,075	2,825
Joint venture	1,647	749	436	66
Related parties	3,230	14,212	252	1,595
	<u>8,861</u>	<u>24,255</u>	<u>132,621</u>	<u>223,820</u>
<b>Amounts due from related parties</b>				
Subsidiaries	-	-	258,704	304,950
Associates	22,812	21,385	6,945	5,341
Joint venture	10,173	4,680	4,110	4,680
Related parties	10,919	12,228	10,441	11,411
	<u>43,904</u>	<u>38,293</u>	<u>280,200</u>	<u>326,382</u>
<b>Deposit (included in "Other non-current assets")</b>				
Associates	8,979	8,979	3,460	3,460
Related parties	2,600	5,000	2,600	5,000
	<u>11,579</u>	<u>13,979</u>	<u>6,060</u>	<u>8,460</u>
<b>Finance lease receivables</b>	1,827	1,817	-	-
Related parties	<u>1,827</u>	<u>1,817</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)**

	<b>Unit: Baht'000</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Trade accounts payable</b>				
(included in "Trade accounts and notes payable")				
Subsidiaries	-	-	86,435	145,031
Associates	9,130	10,266	7,723	9,254
Related parties	1,056	1,204	952	1,079
	<u>10,186</u>	<u>11,470</u>	<u>95,110</u>	<u>155,364</u>
<b>Other payables</b>				
(included in "Amounts due to related parties")				
Subsidiaries	-	-	83,396	164,583
Associates	22,404	8,529	21,286	7,213
Joint venture	2,186	343	139	343
Related parties	6,960	3,693	6,414	2,525
Board	3,842	3,584	3,300	3,300
	<u>35,392</u>	<u>16,149</u>	<u>114,535</u>	<u>177,964</u>
<b>Advance received for rental And services</b>				
(included in "Other non-current liabilities")				
Associate	29,150	30,197	-	-
Related parties	17,090	18,600	-	-
	<u>46,240</u>	<u>48,797</u>	<u>-</u>	<u>-</u>
<b>Deposits received</b>				
(included in "Other non-current liabilities")				
Subsidiaries	-	-	983	-
Associates	120,003	120,003	-	-
Related parties	5,796	8,906	135	135
	<u>125,799</u>	<u>128,909</u>	<u>1,118</u>	<u>135</u>
<b>Finance lease liabilities</b>				
(included in "Long-term borrowings from financial institutions")				
Associates	12,253	12,125	12,253	12,125
Related parties	8,169	8,083	8,169	8,083
	<u>20,422</u>	<u>20,208</u>	<u>20,422</u>	<u>20,208</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 2012 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	Unit: Baht'000			
	Consolidated		Company	
	2012	2011	2012	2011
Opening balance	-	-	475,370	8,891
Loans advanced during the year	1,800	-	1,565,893	1,717,042
Loans repayments during the year	(1,800)	-	(1,583,454)	(1,250,563)
Reclassification	-	-	4,339	-
Closing balance	-	-	462,148	475,370

The related interest income was Baht 18,859,251 (2011: Baht 14,206,697). At 31 December 2012, the accrued interest income was Baht 1,456,590 (2011: Baht 1,704,453).

**v) Long-term loans to related parties**

For the years ended 31 December	Unit: Baht'000			
	Consolidated		Company	
	2012	2011	2012	2011
<b>Subsidiaries and associates and employees</b>				
Opening balance	10,695	14,288	1,274,419	1,696,079
Loans advanced during the year	1,550	11,331	1,194	212,195
Loans repayments during the year	(5,633)	(14,924)	(261,000)	(633,855)
Reclassification	-	-	(8,000)	-
Closing balance	6,612	10,695	1,006,613	1,274,419

The loans to related parties are carrying interest at the rates ranging from 4.00% to 6.13% per annum (2011: 4.00% to 7.25% per annum) and there is no specific repayment date.

Staff loans of Baht 6.61 million and Baht 5.85 million (2011: Baht 10.70 million and Baht 9.51 million) in the consolidated and company financial statements, respectively, comprise staff loan of Baht 1.73 million and Baht 1.67 million with no interest and Baht 4.88 million and Baht 4.19 million bear interest at the ranging of 2.00% - 3.00% per annum (2011: amount Baht 2.61 million no interest and Baht 6.89 million bear interest at the ranging of 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 2012 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.

<b>For the years ended 31 December</b>	<b>Company</b>	
	<b>2012</b>	<b>2011</b>
	<b>Baht’000</b>	<b>Baht’000</b>
Opening balance	65,608	87,408
Loans borrowed during the year	1,238,611	1,038,027
Loans repaid during the year	(832,780)	(1,059,827)
Reclassification	(3,661)	-
Closing balance	<u>467,778</u>	<u>65,608</u>

The related interest expense was Baht 5,857,089 (2011: Baht 3,112,910). At 31 December 2012, the accrued interest expense was Baht 1,650,662 (2011: Baht 193,240).

**vii) Long-term loans from related parties**

<b>For the years ended 31 December</b>	<b>Unit: Baht’000</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Subsidiaries and associates</b>				
Opening balance	-	440,127	-	507,938
Loans borrowed during the year	-	-	-	1,000
Loans repaid during the year	-	(440,127)	-	(508,938)
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The loans from subsidiaries and an associate are carrying interest at the rates ranging from 4.00% to 6.13% per annum, and 6.38% to 7.25% per annum, respectively (2011: 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 2012 the total remuneration of the directors and management approximated Baht 46.10 million (2011: Baht 45.25 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 2012 amounting to Baht 183.57 million (2011: Baht 149.39 million).

**ii) Guarantees**

As at 31 December 2012, the Company and a subsidiary have given guarantees for bank loans granted to subsidiaries and associates for a total of Baht 681.71 million (2011: Baht 490.10 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	
	2012	2011	2012	2011
Not later than 1 year	766	760	499	434
Later than 1 year but not later than 5 years	3,093	2,806	2,032	1,627
Later than 5 years	5,235	4,941	2,503	1,787
	<u>9,094</u>	<u>8,507</u>	<u>5,034</u>	<u>3,848</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	
		2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
Property, plant and equipment	THB	67,286	48,763	45,207	26,962
Intangible assets	THB	43,500	500	-	-
	USD	6,671	3,980	-	-
	EURO	62	20	-	-
Total	THB	110,786	49,263	45,207	26,962
	USD	6,671	3,980	-	-
	EURO	62	20	-	-
Total in Thai Baht		<u>318,650</u>	<u>176,769</u>	<u>45,207</u>	<u>26,962</u>

**v) Commitment for film productions**

As at 31 December 2012, the Group has commitments in respect of payments to film directors amounting to Baht 10.79 million (2011: Baht 5.75 million).

**35 Information on quality of assets**

The quality of assets classified in accordance with the guidelines of the Securities Exchange Commission as at 31 December 2012 are as follows:

	<b>Unit: Baht'000</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Trade account receivable</b>				
Trade account receivable (net of deposit received from customer)	6,549	7,338	1,069	1,345
<u>Less</u> Allowance for doubtful account	(6,549)	-	(1,069)	-
Trade account receivable, net	-	7,338	-	1,345

**36 Events after the reporting date**

At the Board of Directors Meeting held on 15 February 2013, the Board passed the following resolutions:

- a) Approved dividends in respect of the operating results for the period from July to December 2012 at Baht 0.48 per share, totaling Baht 426 million. The dividend will be distributed to shareholders listed in the register on 5 March 2013.
- b) Approved to decrease the registered ordinary shares of the Company from Baht 904,500,900 to Baht 896,266,347 by reduction of 8,234,643 unissued ordinary shares at a par value of Baht 1 each totaling Baht 8,234,643 because of the expiration of warrant (ESOP-W3).