

**MAJOR CINEPLEX GROUP PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**31 DECEMBER 2016**

## **Independent Auditor's Report**

To the Shareholders and the Board of Directors of Major Cineplex Group Public Company Limited

### **My opinion**

In my opinion, the consolidated financial statements of Major Cineplex Group Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated financial position of the Group and separate financial position of the Company as at 31 December 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### **What I have audited**

I have audited the accompanying consolidated financial statements of the Group and separate financial statements of the Company, which comprise the consolidated and separate statements of financial position as at 31 December 2016, and the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

### **Basis for opinion**

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

### **Key audit matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. I determined one key audit matter: Goodwill impairment assessment. The matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

| Key audit matter  | How my audit addressed the key audit matter   |
|---|---|
| <p><b>Goodwill impairment assessment</b></p> <p>According to Thai Accounting Standard 36, Impairment of assets (TAS 36), goodwill acquired in a business combination should be tested for impairment annually.</p> <p>In note 14 to the consolidated financial statements for the related disclosures, the Group's goodwill is recognised in three Cash Generating Units (CGUs): Cinema business (Baht 17.17 million), Rental and Service business (Baht 22.79 million) and Movie Content business (Baht 165.42 million).</p> <p>Management assessed the value-in-use (VIU) of goodwill and concluded that the carrying amount of goodwill after provision for impairment was adequately stated.</p> <p>I focused on the goodwill impairment assessment because of the size of the goodwill balance, and because the management's assessment of the VIU of the Group's CGUs involves significant judgements about the future results of the business and the discount rates applied to future cashflow forecasts. Small subjective changes in the discount rate can have a material impact on the VIU assessment and any resultant impairment charge.</p> | <p>I evaluated management's cashflow forecasts for each CGU and the process by which they were developed, including verifying the mathematical accuracy of the underlying calculations. I also compared the forecasts to the latest Board approved budgets. I found that the budgets used in the VIU calculations were consistent with the Board approved budgets, and that the key assumptions, which are growth rate and discount rate, were subject to oversight by the Directors.</p> <p>I compared the current year (2016) actual results with the prior year (2015) forecast to consider whether any forecasts included assumptions that, with hindsight, had been optimistic. I found that actual performance was consistent with forecast performance.</p> <p>I also challenged:</p> <ol style="list-style-type: none"> <li>1. management's key assumptions for growth rates in the forecasts by comparing them to historical results and economic and industry forecasts; and</li> <li>2. the discount rate used in the model by assessing the cost of capital of the Group by comparing it to market data and industry research.</li> </ol> <p>I found the key assumptions used by management in relation to the VIU calculations to be reasonable and appropriate.</p> |

### Other information

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

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

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

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

## **Responsibilities of the directors for the consolidated and separate financial statements**

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

PricewaterhouseCoopers ABAS Ltd.

**Kajornkiet Aroonpirodkul**  
Certified Public Accountant (Thailand) No. 3445  
Bangkok  
17 February 2017

**Major Cineplex Group Public Limited**  
**Statement of Financial Position**  
**As at 31 December 2016**

|                                     | Notes | Unit: Baht                        |                       |                               |                       |
|-------------------------------------|-------|-----------------------------------|-----------------------|-------------------------------|-----------------------|
|                                     |       | Consolidated financial statements |                       | Separate financial statements |                       |
|                                     |       | 2016                              | 2015                  | 2016                          | 2015                  |
| <b>Assets</b>                       |       |                                   |                       |                               |                       |
| <b>Current assets</b>               |       |                                   |                       |                               |                       |
| Cash and cash equivalents           | 7     | 530,873,228                       | 312,059,689           | 173,652,272                   | 92,965,386            |
| Trade account and other receivables | 9     | 1,256,314,802                     | 1,180,518,655         | 712,395,685                   | 502,020,445           |
| Short-term loans to related parties | 36    | 8,000,000                         | -                     | 474,899,781                   | 547,667,008           |
| Inventories                         | 10    | 97,810,135                        | 182,583,923           | 61,690,571                    | 88,084,312            |
| Films under production              |       | 221,085,004                       | 138,425,918           | -                             | -                     |
| Current portion of prepaid rents    | 17    | 44,665,434                        | 40,777,104            | 19,978,111                    | 16,095,758            |
| Other current assets                | 11    | 191,628,317                       | 175,538,561           | 60,557,879                    | 46,734,348            |
| <b>Total current assets</b>         |       | <b>2,350,376,920</b>              | <b>2,029,903,850</b>  | <b>1,503,174,299</b>          | <b>1,293,567,257</b>  |
| <b>Non-current assets</b>           |       |                                   |                       |                               |                       |
| Available-for-sale investment       | 8     | 512,698,612                       | 748,530,498           | 512,698,612                   | 748,530,498           |
| Restricted cash                     |       | 4,586,767                         | 4,550,520             | -                             | -                     |
| Finance lease receivables           |       | 11,479,186                        | 12,447,674            | -                             | -                     |
| Investment in subsidiaries          | 12    | -                                 | -                     | 3,620,413,946                 | 3,741,268,546         |
| Investment in associates            | 12    | 2,751,690,359                     | 2,525,403,524         | 2,501,310,195                 | 2,323,374,428         |
| Interest in joint ventures          | 12    | 288,167,915                       | 300,877,587           | 245,167,525                   | 245,167,525           |
| Long-term loans to related parties  | 36    | 1,922,603                         | 1,558,246             | 301,705,900                   | 331,336,043           |
| Property, plant and equipment       | 13    | 7,591,205,434                     | 7,357,913,775         | 4,471,538,833                 | 4,193,927,993         |
| Goodwill                            | 14    | 205,380,716                       | 238,328,810           | -                             | -                     |
| Intangible assets                   | 15    | 120,790,748                       | 131,950,615           | 44,931,512                    | 49,771,108            |
| Deferred income tax assets          | 16    | 9,066,047                         | 14,255,518            | -                             | -                     |
| Long-term prepaid rents             | 17    | 609,467,930                       | 539,850,485           | 355,558,616                   | 261,332,688           |
| Other non-current assets            | 18    | 268,079,614                       | 340,452,713           | 179,251,203                   | 241,103,914           |
| <b>Total non-current assets</b>     |       | <b>12,374,535,931</b>             | <b>12,216,119,965</b> | <b>12,232,576,342</b>         | <b>12,135,812,743</b> |
| <b>Total assets</b>                 |       | <b>14,724,912,851</b>             | <b>14,246,023,815</b> | <b>13,735,750,641</b>         | <b>13,429,380,000</b> |

Director \_\_\_\_\_ Director \_\_\_\_\_

The accompanying notes on pages 13 to 83 are an integral part of these consolidated and separate financial statements.

**Major Cineplex Group Public Company Limited**  
**Statement of Financial Position (Cont'd)**  
**As at 31 December 2016**

Unit: Baht

|   | Notes | Consolidated financial statements |                       | Separate financial statements |                       |
|---|-------|-----------------------------------|-----------------------|-------------------------------|-----------------------|
|   |       | 2016                              | 2015                  | 2016                          | 2015                  |
| <b>Liabilities and equity</b>   |       |                                   |                       |                               |                       |
| <b>Current liabilities</b>  |       |                                   |                       |                               |                       |
| Bank overdrafts and short-term borrowings from financial institutions                       | 20    | 3,137,985,914                     | 2,464,982,061         | 3,031,055,974                 | 2,455,477,440         |
| Trade account and other payables  | 19    | 1,761,239,462                     | 1,907,897,666         | 1,197,814,370                 | 1,281,776,643         |
| Current portion of long-term borrowings   | 20    | 1,337,408,236                     | 901,021,009           | 1,253,632,360                 | 821,542,387           |
| Short-term loans from related parties   | 36    | 18,150,000                        | 23,000,000            | 993,447,090                   | 1,191,427,819         |
| Accrued income tax  |       | 79,438,164                        | 90,286,074            | 15,910,867                    | 39,702,648            |
| Other current liabilities   | 21    | 85,724,873                        | 92,649,282            | 37,538,117                    | 36,662,745            |
| <b>Total current liabilities</b>  |       | <b>6,419,946,649</b>              | <b>5,479,836,092</b>  | <b>6,529,398,778</b>          | <b>5,826,589,682</b>  |
| <b>Non-current liabilities</b>  |       |                                   |                       |                               |                       |
| Long-term borrowings from financial institutions  | 20    | 763,914,342                       | 1,287,177,012         | 580,132,671                   | 1,019,403,094         |
| Deferred income tax liabilities   | 16    | 277,500,897                       | 336,334,688           | 29,689,462                    | 86,927,861            |
| Employee benefit obligations  | 22    | 41,384,449                        | 36,289,093            | 28,045,929                    | 25,128,217            |
| Other non-current liabilities   | 23    | 504,427,856                       | 458,064,316           | 135,285,803                   | 106,300,300           |
| <b>Total non-current liabilities</b>  |       | <b>1,587,227,544</b>              | <b>2,117,865,109</b>  | <b>773,153,865</b>            | <b>1,237,759,472</b>  |
| <b>Total liabilities</b>  |       | <b>8,007,174,193</b>              | <b>7,597,701,201</b>  | <b>7,302,552,643</b>          | <b>7,064,349,154</b>  |
| <b>Equity</b>   |       |                                   |                       |                               |                       |
| Share capital   | 24    |                                   |                       |                               |                       |
| Authorised share capital  |       |                                   |                       |                               |                       |
| Ordinary shares, 896,266,347 shares<br>par value of Baht 1 each                             |       | 896,266,347                       | 896,266,347           | 896,266,347                   | 896,266,347           |
| Issued and fully paid-up share capital  |       |                                   |                       |                               |                       |
| Ordinary shares, 894,533,377 shares<br>(2015: 892,519,658 shares)<br>paid-up of Baht 1 each | 24    | 894,533,377                       | 892,519,658           | 894,533,377                   | 892,519,658           |
| Share premium   | 24    | 4,053,063,850                     | 4,014,840,114         | 4,053,063,850                 | 4,014,840,114         |
| Share premium - Treasury share  | 24    | 288,424,625                       | 288,424,625           | 288,424,625                   | 288,424,625           |
| Warrants  |       | 5,287,662                         | 11,058,494            | 750,000                       | 7,187,590             |
| Retained earnings   |       |                                   |                       |                               |                       |
| Appropriated - Legal reserve  | 26    | 90,600,000                        | 90,600,000            | 90,600,000                    | 90,600,000            |
| Unappropriated  |       | 1,320,957,222                     | 1,204,870,002         | 782,391,256                   | 649,658,669           |
| Other components of equity  |       | (15,972,461)                      | 78,516,960            | 323,434,890                   | 421,800,190           |
| Equity attributable to owners of the parent   |       | 6,636,894,275                     | 6,580,829,853         | 6,433,197,998                 | 6,365,030,846         |
| Non-controlling interest  | 27    | 80,844,383                        | 67,492,761            | -                             | -                     |
| <b>Total equity</b>   |       | <b>6,717,738,658</b>              | <b>6,648,322,614</b>  | <b>6,433,197,998</b>          | <b>6,365,030,846</b>  |
| <b>Total liabilities and equity</b>   |       | <b>14,724,912,851</b>             | <b>14,246,023,815</b> | <b>13,735,750,641</b>         | <b>13,429,380,000</b> |

The accompanying notes on pages 13 to 83 are an integral part of these consolidated and separate financial statements.

**Major Cineplex Group Public Company Limited**  
**Income Statement**  
**For the year ended 31 December 2016**

|                                |   | Unit: Baht                        |                        |                               |                        |
|--------------------------------|---|-----------------------------------|------------------------|-------------------------------|------------------------|
|                                |   | Consolidated financial statements |                        | Separate financial statements |                        |
| Notes                          |   | 2016                              | 2015                   | 2016                          | 2015                   |
| <b>Revenues</b>                |   |                                   |                        |                               |                        |
|                                | Services income   | 6,985,962,171                     | 6,706,849,208          | 4,135,942,004                 | 3,986,533,062          |
|                                | Sales   | 1,759,406,683                     | 1,873,596,088          | 1,085,137,180                 | 1,081,853,774          |
|                                | <b>Total revenues</b>   | <b>8,745,368,854</b>              | <b>8,580,445,296</b>   | <b>5,221,079,184</b>          | <b>5,068,386,836</b>   |
| <b>Costs</b>                   |   |                                   |                        |                               |                        |
|                                | Cost of providing services                                      | (4,871,663,495)                   | (4,697,357,818)        | (3,178,693,531)               | (3,042,959,621)        |
|                                | Cost of sales   | (708,786,960)                     | (855,330,963)          | (342,273,896)                 | (336,737,816)          |
|                                | <b>Total costs</b>  | <b>(5,580,450,455)</b>            | <b>(5,552,688,781)</b> | <b>(3,520,967,427)</b>        | <b>(3,379,697,437)</b> |
|                                | <b>Gross profit</b>   | <b>3,164,918,399</b>              | <b>3,027,756,515</b>   | <b>1,700,111,757</b>          | <b>1,688,689,399</b>   |
|                                | Other operating income  | 28 578,579,034                    | 384,342,211            | 1,323,637,260                 | 541,871,274            |
|                                | Selling expenses  | (548,990,983)                     | (504,578,327)          | (304,808,601)                 | (234,079,686)          |
|                                | Administrative expenses   | (1,862,791,835)                   | (1,508,064,349)        | (1,250,556,612)               | (898,697,185)          |
|                                | Finance costs   | 30 (144,032,127)                  | (154,908,763)          | (175,556,770)                 | (183,843,241)          |
|                                | Share of profit of investments in associates and joint ventures | 12 256,159,527                    | 237,182,769            | -                             | -                      |
|                                | <b>Profit before income tax</b>                                 | <b>1,443,842,015</b>              | <b>1,481,730,056</b>   | <b>1,292,827,034</b>          | <b>913,940,561</b>     |
|                                | Income tax  | 31 (236,839,223)                  | (300,059,703)          | (87,960,750)                  | (153,298,115)          |
|                                | <b>Profit for the year</b>                                      | <b>1,207,002,792</b>              | <b>1,181,670,353</b>   | <b>1,204,866,284</b>          | <b>760,642,446</b>     |
| <b>Profit attributable to:</b> |   |                                   |                        |                               |                        |
|                                | Owners of the parent  | 1,188,220,917                     | 1,170,922,485          | 1,204,866,284                 | 760,642,446            |
|                                | Non-controlling interest  | 27 18,781,875                     | 10,747,868             | -                             | -                      |
|                                |   | <b>1,207,002,792</b>              | <b>1,181,670,353</b>   | <b>1,204,866,284</b>          | <b>760,642,446</b>     |
| <b>Earnings per share</b>      |   |                                   |                        |                               |                        |
|                                |   | 32                                |                        |                               |                        |
|                                | Basic earnings per share  | 1.33                              | 1.31                   | 1.35                          | 0.85                   |
|                                | Diluted earnings per share                                      | 1.33                              | 1.31                   | 1.35                          | 0.85                   |

The accompanying notes on pages 13 to 83 are an integral part of these consolidated and separate financial statements.

**Major Cineplex Group Public Company Limited**  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2016**

|       |   | Unit: Baht                        |               |                               |               |
|-------|---|-----------------------------------|---------------|-------------------------------|---------------|
|       |   | Consolidated financial statements |               | Separate financial statements |               |
| Notes |   | 2016                              | 2015          | 2016                          | 2015          |
|       | <b>Profit for the year</b>  | 1,207,002,792                     | 1,181,670,353 | 1,204,866,284                 | 760,642,446   |
|       | <b>Other comprehensive income (expense):</b>                                |                                   |               |                               |               |
|       | Items that will not be reclassified to profit or loss                       |                                   |               |                               |               |
|       | Remeasurements of employee benefit obligations                              |                                   |               |                               |               |
|       | - The Group/The Company   | 22                                | (7,598,777)   | -                             | (5,404,324)   |
|       | - Joint venture   |                                   | (185,947)     | -                             | -             |
|       | Income tax on items that will not be reclassified                           |                                   | 1,486,205     | -                             | 1,080,865     |
|       | <b>Total items that will not be reclassified to profit or loss</b>          |                                   | (6,298,519)   | -                             | (4,323,459)   |
|       | Items that will be reclassified subsequently to profit or loss              |                                   |               |                               |               |
|       | Remeasuring of available-for-sale investments                               | 8                                 | (122,956,625) | 21,187,164                    | (122,956,625) |
|       | Currency translation differences  |                                   | 3,875,879     | 5,392,812                     | -             |
|       | Income tax relating to items that will be reclassified                      |                                   | 24,591,325    | (4,237,433)                   | 24,591,325    |
|       | <b>Total items that will be reclassified subsequently to profit or loss</b> |                                   | (94,489,421)  | 22,342,543                    | (98,365,300)  |
|       | Other comprehensive income for the year, net of income tax                  |                                   | (94,489,421)  | 16,044,024                    | (98,365,300)  |
|       | <b>Total comprehensive income for the year</b>                              |                                   | 1,112,513,371 | 1,197,714,377                 | 1,106,500,984 |
|       | <b>Total comprehensive income attributable to:</b>                          |                                   |               |                               |               |
|       | Owners of the parent  |                                   | 1,093,731,496 | 1,186,966,509                 | 1,106,500,984 |
|       | Non-controlling interest  | 27                                | 18,781,875    | 10,747,868                    | -             |
|       |   |                                   | 1,112,513,371 | 1,197,714,377                 | 1,106,500,984 |
|       |   |                                   | 773,268,718   | 773,268,718                   | 773,268,718   |

The accompanying notes on pages 13 to 83 are an integral part of these consolidated and separate financial statements.

Major Cineplex Group Public Company Limited  
Statement of Changes in Equity  
For the year ended 31 December 2016

| Consolidated financial statements                 |                                  |  |                          |                   |                   |   |                                     |                               |                    |                                 |                            |                          | Unit: Baht           |
|---|----------------------------------|--|--------------------------|-------------------|-------------------|---|-------------------------------------|-------------------------------|--------------------|---------------------------------|----------------------------|--------------------------|----------------------|
| Attributable to owners of the parent              |                                  |  |                          |                   |                   |   |                                     |                               |                    |                                 |                            |                          |                      |
|   | Issued and paid-up share capital | Share premium - Share treasury share premium (Note 24) | Share premium - Warrants | Retained earnings |                   | Change in parent's ownership interest in subsidiaries | Other components of equity          |                               |                    | Total other component of equity | Total owners of the parent | Non-controlling interest | Total equity         |
|   |                                  |  |                          | Legal reserve     | Unappropriated    |   | Transiation of financial statements | Available-for-sale investment |                    |                                 |                            |                          |                      |
| <b>Opening balance as at 1 January 2015</b>       | 890,058,836                      | 3,967,547,875  | 288,424,625              | 17,248,773        | 90,600,000        | 1,020,528,716   | (349,215,676)                       | 770,899                       | 404,850,459        | 56,405,682                      | 6,330,814,507              | 55,961,314               | 6,386,775,821        |
| <b>Changes in equity for the year</b>             |                                  |  |                          |                   |                   |   |                                     |                               |                    |                                 |                            |                          |                      |
| Proceeds from exercise of warrants (Note 24)      | 2,460,822                        | 47,292,239   | -                        | (13,555,268)      | -                 | -   | -                                   | -                             | -                  | -                               | 36,197,793                 | -                        | 36,197,793           |
| Warrants  | -                                | -  | -                        | 7,519,805         | -                 | -   | -                                   | -                             | -                  | -                               | 7,519,805                  | -                        | 7,519,805            |
| Exercise of warrants in subsidiary                | -                                | -  | -                        | (154,816)         | -                 | (231,265)   | -                                   | -                             | -                  | (231,265)                       | (386,081)                  | 783,579                  | 397,498              |
| Dividends payment (Note 33)                       | -                                | -  | -                        | -                 | -                 | (980,282,680)   | -                                   | -                             | -                  | -                               | (980,282,680)              | -                        | (980,282,680)        |
| Total comprehensive income for the year           | -                                | -  | -                        | -                 | -                 | 1,164,623,966   | -                                   | 5,392,812                     | 16,949,731         | 22,342,543                      | 1,186,966,509              | 10,747,868               | 1,197,714,377        |
| <b>Closing balance as at 31 December 2015</b>     | <u>892,519,658</u>               | <u>4,014,840,114</u>                                   | <u>288,424,625</u>       | <u>11,058,494</u> | <u>90,600,000</u> | <u>1,204,870,002</u>                                  | <u>(349,446,941)</u>                | <u>6,163,711</u>              | <u>421,800,190</u> | <u>78,516,960</u>               | <u>6,580,829,853</u>       | <u>67,492,761</u>        | <u>6,648,322,614</u> |
| <b>Opening balance as at 1 January 2016</b>       | 892,519,658                      | 4,014,840,114  | 288,424,625              | 11,058,494        | 90,600,000        | 1,204,870,002   | (349,446,941)                       | 6,163,711                     | 421,800,190        | 78,516,960                      | 6,580,829,853              | 67,492,761               | 6,648,322,614        |
| <b>Changes in equity for the year</b>             |                                  |  |                          |                   |                   |   |                                     |                               |                    |                                 |                            |                          |                      |
| Proceeds from exercise of warrants (Note 24)      | 2,013,719                        | 38,223,736   | -                        | (11,257,212)      | -                 | -   | -                                   | -                             | -                  | -                               | 28,980,243                 | -                        | 28,980,243           |
| Warrants (Note 25)                                | -                                | -  | -                        | 5,486,380         | -                 | -   | -                                   | -                             | -                  | -                               | 5,486,380                  | -                        | 5,486,380            |
| Acquisition of investment in subsidiary (Note 27) | -                                | -  | -                        | -                 | -                 | -   | -                                   | -                             | -                  | -                               | -                          | 5,315,737                | 5,315,737            |
| Dividends payment (Note 33)                       | -                                | -  | -                        | -                 | -                 | (1,072,133,697)                                       | -                                   | -                             | -                  | -                               | (1,072,133,697)            | (10,745,990)             | (1,082,879,687)      |
| Total comprehensive income for the year           | -                                | -  | -                        | -                 | -                 | 1,188,220,917   | -                                   | 3,875,879                     | (98,365,300)       | (94,489,421)                    | 1,093,731,496              | 18,781,875               | 1,112,513,371        |
| <b>Closing balance as at 31 December 2016</b>     | <u>894,533,377</u>               | <u>4,053,063,850</u>                                   | <u>288,424,625</u>       | <u>5,287,662</u>  | <u>90,600,000</u> | <u>1,320,957,222</u>                                  | <u>(349,446,941)</u>                | <u>10,039,590</u>             | <u>323,434,890</u> | <u>(15,972,461)</u>             | <u>6,636,894,275</u>       | <u>80,844,383</u>        | <u>6,717,738,658</u> |

The accompanying notes on pages 13 to 83 are an integral part of these consolidated and separate financial statements.

Major Cineplex Group Public Company Limited  
Statement of Changes in Equity  
For the year ended 31 December 2016

|   | Separate financial statements    |                      |  |                  |                   |                    |                                      |                                 | Unit: Baht           |
|---|----------------------------------|----------------------|--|------------------|-------------------|--------------------|--------------------------------------|---------------------------------|----------------------|
|   | Issued and paid-up share capital | Share premium        | Share premium-Treasury share (Note 24) | Warrants         | Retained earnings |                    | Other components of equity           |                                 | Total equity         |
|   |                                  |                      |  |                  | Appropriated      |                    | Other comprehensive income (expense) |                                 |                      |
|   |                                  |                      |  |                  | Legal reserve     | Unappropriated     | Available-for-sale investment        | Total other component of equity |                      |
| <b>Opening balance as at 1 January 2015</b>           | 890,058,836                      | 3,967,547,875        | 288,424,625                            | 15,067,176       | 90,600,000        | 873,622,362        | 404,850,459                          | 404,850,459                     | 6,530,171,333        |
| <b>Changes in equity for year</b>                     |                                  |                      |  |                  |                   |                    |                                      |                                 |                      |
| Additional shares from exercise of warrants (Note 24) | 2,460,822                        | 47,292,239           | -                                      | (13,555,268)     | -                 | -                  | -                                    | -                               | 36,197,793           |
| Warrants  | -                                | -                    | -                                      | 5,675,682        | -                 | -                  | -                                    | -                               | 5,675,682            |
| Dividends payment (Note 33)                           | -                                | -                    | -                                      | -                | -                 | (980,282,680)      | -                                    | -                               | (980,282,680)        |
| Total comprehensive income for the year               | -                                | -                    | -                                      | -                | -                 | 756,318,987        | 16,949,731                           | 16,949,731                      | 773,268,718          |
| <b>Closing balance as at 31 December 2015</b>         | <u>892,519,658</u>               | <u>4,014,840,114</u> | <u>288,424,625</u>                     | <u>7,187,590</u> | <u>90,600,000</u> | <u>649,658,669</u> | <u>421,800,190</u>                   | <u>421,800,190</u>              | <u>6,365,030,846</u> |
| <b>Opening balance as at 1 January 2016</b>           | 892,519,658                      | 4,014,840,114        | 288,424,625                            | 7,187,590        | 90,600,000        | 649,658,669        | 421,800,190                          | 421,800,190                     | 6,365,030,846        |
| <b>Changes in equity for year</b>                     |                                  |                      |  |                  |                   |                    |                                      |                                 |                      |
| Additional shares from exercise of warrants (Note 24) | 2,013,719                        | 38,223,736           | -                                      | (11,257,212)     | -                 | -                  | -                                    | -                               | 28,980,243           |
| Warrants (Note 25)                                    | -                                | -                    | -                                      | 4,819,622        | -                 | -                  | -                                    | -                               | 4,819,622            |
| Dividends payment (Note 33)                           | -                                | -                    | -                                      | -                | -                 | (1,072,133,697)    | -                                    | -                               | (1,072,133,697)      |
| Total comprehensive income for the year               | -                                | -                    | -                                      | -                | -                 | 1,204,866,284      | (98,365,300)                         | (98,365,300)                    | 1,106,500,984        |
| <b>Closing balance as at 31 December 2016</b>         | <u>894,533,377</u>               | <u>4,053,063,850</u> | <u>288,424,625</u>                     | <u>750,000</u>   | <u>90,600,000</u> | <u>782,391,256</u> | <u>323,434,890</u>                   | <u>323,434,890</u>              | <u>6,433,197,998</u> |

The accompanying notes on pages 13 to 83 are an integral part of these consolidated and separate financial statements.

**Major Cineplex Group Public Company Limited**  
**Statement of Cash Flows**  
**For the year ended 31 December 2016**

|   | Notes | Unit: Baht                        |                        |                               |                      |
|---|-------|-----------------------------------|------------------------|-------------------------------|----------------------|
|   |       | Consolidated financial statements |                        | Separate financial statements |                      |
|   |       | 2016                              | 2015                   | 2016                          | 2015                 |
| <b>Cash flows from operating activities</b>                         |       |                                   |                        |                               |                      |
| Cash generated from operations                                      | 34    | 2,127,101,420                     | 2,365,339,355          | 973,453,160                   | 1,074,562,816        |
| Interest paid   |       | (134,545,144)                     | (149,623,729)          | (174,523,139)                 | (189,427,644)        |
| Income tax paid   |       | (271,597,587)                     | (315,241,535)          | (144,302,277)                 | (171,975,503)        |
| Net cash generated from operating activities                        |       | <u>1,720,958,689</u>              | <u>1,900,474,091</u>   | <u>654,627,744</u>            | <u>713,159,669</u>   |
| <b>Cash flows from investing activities</b>                         |       |                                   |                        |                               |                      |
| Decrease in restricted cash   |       | (36,246)                          | (38,769)               | -                             | -                    |
| Short-term loans made to related parties                            | 36    | (8,000,000)                       | -                      | (609,217,679)                 | (811,514,334)        |
| Receipt from settlements of short-term loans to related parties     | 36    | -                                 | -                      | 681,984,907                   | 905,425,416          |
| Long-term loans made to related parties                             | 36    | (953,500)                         | (14,250)               | (953,500)                     | (14,250)             |
| Receipt from settlements of long-term loans to related parties      | 36    | 589,143                           | 569,028                | 30,583,643                    | 100,569,028          |
| Loans made to third party   |       | 20,300                            | (250,000)              | 20,300                        | (250,000)            |
| Receipt from loans to third party                                   |       | -                                 | 51,526                 | -                             | 51,526               |
| Payment for short-term investments                                  |       | -                                 | (145,000,000)          | -                             | (145,000,000)        |
| Proceeds from disposal of short-term investments                    |       | -                                 | 145,036,957            | -                             | 145,036,957          |
| Payments for investment in subsidiaries                             |       | -                                 | -                      | -                             | (8,686,629)          |
| Cash receive from acquisition of subsidiary, net of cash payment    | 35    | 18,288,581                        | 1,237,763              | -                             | -                    |
| Proceeds from liquidation of subsidiaries                           | 12    | -                                 | -                      | -                             | 4,129,916            |
| Payments for investment in associates                               | 12    | (207,891,950)                     | (162,788,430)          | (207,891,950)                 | (162,788,430)        |
| Proceeds from disposals of investment in associates                 | 12    | 63,101,650                        | 184,388,960            | 63,101,650                    | 184,388,960          |
| Payments for investment in joint ventures                           | 12    | -                                 | (24,958,174)           | -                             | -                    |
| Proceeds from disposal of available-for sale investment             | 8     | 386,498,417                       | 196,088,927            | 386,498,417                   | 196,088,927          |
| Purchases of property, plant and equipment                          |       | (1,261,724,795)                   | (1,439,784,276)        | (900,901,502)                 | (1,092,993,154)      |
| Proceeds from disposals of property, plant and equipment            |       | 4,081,672                         | 5,428,261              | 994,813                       | 729,224              |
| Payments for intangible assets                                      |       | (232,736,685)                     | (239,593,084)          | (22,589,340)                  | (21,789,173)         |
| Proceeds from disposals of intangible assets                        |       | 104,112                           | -                      | 2,857,220                     | -                    |
| Dividends received from subsidiaries, associates and joint ventures | 12    | 208,321,047                       | 144,481,848            | 636,731,175                   | 136,716,634          |
| Dividends received from long-term investments                       |       | 1,176,122                         | 947,583                | 1,176,122                     | 947,583              |
| Interest received   |       | 3,149,465                         | 9,173,030              | 40,310,865                    | 51,829,200           |
| Net cash (used in) received from investing activities               |       | <u>(1,026,012,667)</u>            | <u>(1,325,023,100)</u> | <u>102,705,141</u>            | <u>(517,122,599)</u> |

The accompanying notes on pages 13 to 83 are an integral part of these consolidated and separate financial statements.

**Major Cineplex Group Public Company Limited**  
**Statement of Cash Flows (Cont'd)**  
**For the year ended 31 December 2016**

|   | Notes | Unit: Baht                        |                    |                               |                   |
|---|-------|-----------------------------------|--------------------|-------------------------------|-------------------|
|   |       | Consolidated financial statements |                    | Separate financial statements |                   |
|   |       | 2016                              | 2015               | 2016                          | 2015              |
| <b>Cash flows from financing activities</b>                 |       |                                   |                    |                               |                   |
| Proceeds from short-term loans from related parties         | 36    | -                                 | -                  | 2,225,650,928                 | 2,253,799,228     |
| Repayments to short-term loans from related parties         | 36    | (4,850,000)                       | (2,000,000)        | (2,423,631,657)               | (2,036,295,036)   |
| Proceeds from (repayment to) bank overdrafts                |       | (7,574,680)                       | 9,504,622          | -                             | -                 |
| Proceeds from short-term loans from financial institutions  |       | 8,300,000,000                     | 7,535,000,000      | 8,195,000,000                 | 7,490,000,000     |
| Repayments to short-term loans from financial institutions  |       | (7,620,000,000)                   | (7,305,000,000)    | (7,620,000,000)               | (7,210,000,000)   |
| Repayments to finance lease liabilities                     |       | (92,472,139)                      | (94,482,316)       | (1,542,387)                   | (3,519,429)       |
| Proceeds from long-term borrowings                          | 20    | 1,000,000,000                     | -                  | 1,000,000,000                 | -                 |
| Repayments long-term borrowings                             | 20    | (209,000,000)                     | (40,000,000)       | (209,000,000)                 | (40,000,000)      |
| Redemption of debentures                                    |       | (800,000,000)                     | -                  | (800,000,000)                 | -                 |
| Non-controlling interests invest in subsidiary              |       | 800,000                           | -                  | -                             | -                 |
| Proceeds from exercised warrants                            | 25    | 28,980,243                        | 36,595,291         | 28,980,243                    | 36,197,793        |
| Dividends paid to shareholders                              | 33    | (1,072,015,907)                   | (980,258,576)      | (1,072,103,126)               | (980,258,576)     |
| Net cash used in financing activities                       |       | (476,132,483)                     | (840,640,979)      | (676,645,999)                 | (490,076,020)     |
| <b>Net (decrease) increase in cash and cash equivalents</b> |       | 218,813,539                       | (265,189,988)      | 80,686,886                    | (294,038,950)     |
| Opening balance of cash and cash equivalents                |       | 312,059,689                       | 577,249,677        | 92,965,386                    | 387,004,336       |
| <b>Closing balance of cash and cash equivalents</b>         | 7     | <u>530,873,228</u>                | <u>312,059,689</u> | <u>173,652,272</u>            | <u>92,965,386</u> |

**Non-cash transactions**

Significant non-cash transactions are as follows:

|   |            |             |             |             |
|---|------------|-------------|-------------|-------------|
| Investment in property, plant and equipment, not yet paid   | -          | 56,927,977  | -           | 44,802,957  |
| Dividends payable   | 10,863,780 | 24,104      | 30,570      | 24,104      |
| Dividends receivable  | 4,499,990  | -           | 119,916,000 | -           |
| Receivable from disposal of available-for-sale investment   | 73,010,874 | -           | 73,010,874  | -           |
| Reclassification other non-current asset to leasehold right | 60,000,000 | 130,000,000 | 60,000,000  | 130,000,000 |
| Prepaid long-term rents, not yet paid                       | 10,000,000 | -           | 10,000,000  | -           |

The accompanying notes on pages 13 to 83 are an integral part of these consolidated and separate 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 cinema operations and entertainment services. The principal business operations of the Group are summarised as follows:

- Cinema operations;
- Advertising and media services;
- Bowling and Karaoke services;
- Rental and services; and
- Movie content.

These consolidated and separate financial statements were authorised for issue by the Board of Directors on 17 February 2017.

## **2 Accounting policies**

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

### **2.1 Basis of preparation**

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting 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 separate financial statements have been prepared under the historical cost convention.

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

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

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

**2.2 New/revised financial reporting standards and revised financial reporting standards**

1) New/revised financial reporting standards and interpretations are effective on 1 January 2016.

a) New/revised financial reporting standards and interpretation which are relevant and have a significant impact to the Group:

|                        |   |
|------------------------|---|
| TAS 16 (revised 2015)  | Property, plant and equipment             |
| TAS 19 (revised 2015)  | Employee benefits                         |
| TAS 24 (revised 2015)  | Related party disclosures                 |
| TAS 27 (revised 2015)  | Separate financial statements             |
| TAS 36 (revised 2015)  | Impairment of assets                      |
| TAS 38 (revised 2015)  | Intangible assets                         |
| TFRS 2 (revised 2015)  | Share-based payment                       |
| TFRS 3 (revised 2015)  | Business combinations                     |
| TFRS 8 (revised 2015)  | Operating segments                        |
| TFRS 10 (revised 2015) | Consolidated financial statements         |
| TFRS 12 (revised 2015) | Disclosure of interests in other entities |
| TFRS 13 (revised 2015) | Fair value measurement                    |

TAS 16 (revised 2015), 'Property, plant and equipment' clarifies how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. This standard has no impact to the Group.

TAS 19 (revised 2015), 'Employee benefits' is amended to apply to contributions from employees or third parties to defined benefit plans and to clarify the accounting treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. This standard has no impact to the Group.

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. This standard has no impact to the Group, except for disclosures.

TAS 27 (revised 2015) allows an investment entity that is exempted from consolidating its subsidiaries presenting Company as its only financial statements. It requires the investment entity to measure its investment in subsidiaries at fair value through profit or loss. This standard has no impact to the Group.

TAS 36 (revised 2015), 'Impairment of assets' is amended to provide additional disclosure requirement when the recoverable amount of the assets is measured at fair value less costs of disposal. The disclosures include 1) the level of fair value hierarchy and 2) when fair value measurement categorised within level 2 and level 3, disclosures is required for valuation technique and key assumption. This standard has no impact to the Group, except for disclosures.

TAS 38 (revised 2015), 'Intangible assets' is amended to clarify how the gross carrying amount and the accumulated amortisation are treated where an entity uses the revaluation model. This standard has no impact to the Group.

TFRS 2 (revised 2015), 'Share based payments' clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. This standard has no impact to the Group.

TFRS 3 (revised 2015), 'Business combinations' clarifies i) an obligation to pay contingent consideration which meets the definition of a financial instrument as a financial liability or equity, on the basis of the definitions in TAS 32, 'Financial instruments: Presentation' (when announced) or other applicable standards. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss, and ii) TFRS 3 does not apply to the accounting for the formation of any joint venture under TFRS 11. This standard has no impact to the Group.

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

**2.2 New/revised financial reporting standards and revised financial reporting standards (Cont'd)**

1) New/revised financial reporting standards and interpretations are effective on 1 January 2016. (Cont'd)

a) New/revised financial reporting standards and interpretation which are relevant and have a significant impact to the Group: (Cont'd)

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker. This standard has no impact to the Group, except for disclosures.

TFRS10 (revised 2015) 'Consolidated' is amended to define an investment entity and introduce an exception from consolidation. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. This standard has no impact to the Group.

TFRS 12 (revised 2015) introduces disclosures that an investment entity needs to disclose. This standard has no impact to the Group and the disclosures.

TFRS 13 (revised 2015), 'Fair value measurement' is amended to clarify that the portfolio exception in TFRS 13 applies to all contracts (including non-financial contracts) within the scope of TAS 39 (when announced) or TFRS 9 (when announced). This standard has no impact to the Group.

b) Revised financial reporting standards and interpretations with minor changes and do not have impact to the Group are as follows:

|                         |   |
|-------------------------|---|
| TAS 1 (revised 2015)    | Presentation of financial statements  |
| TAS 2 (revised 2015)    | Inventories   |
| TAS 7 (revised 2015)    | Statement of cash flows   |
| TAS 8 (revised 2015)    | Accounting policies, changes in accounting estimates and errors                                   |
| TAS 10 (revised 2015)   | Events after the reporting period   |
| TAS 11 (revised 2015)   | Construction contracts  |
| TAS 12 (revised 2015)   | Income taxes  |
| TAS 17 (revised 2015)   | Leases  |
| TAS 18 (revised 2015)   | Revenue   |
| TAS 21 (revised 2015)   | The effects of changes in foreign exchange rates  |
| TAS 23 (revised 2015)   | Borrowing costs   |
| TAS 26 (revised 2015)   | Accounting and reporting by retirement benefit plans  |
| TAS 28 (revised 2015)   | Investments in associates and joint ventures  |
| TAS 33 (revised 2015)   | Earnings per share  |
| TAS 34 (revised 2015)   | Interim financial reporting   |
| TAS 37 (revised 2015)   | Provisions, contingent liabilities and contingent assets  |
| TFRS 11 (revised 2015)  | Joint arrangements  |
| TSIC 15 (revised 2015)  | Operating leases - Incentives   |
| TSIC 25 (revised 2015)  | Income taxes - changes in the tax status of an entity or its shareholders                         |
| TSIC 27 (revised 2015)  | Evaluating the substance of transactions involving the legal form of a lease                      |
| TSIC 31 (revised 2015)  | Revenue - barter transactions involving advertising services                                      |
| TSIC 32 (revised 2015)  | Intangible assets - Web site costs  |
| TFRIC 4 (revised 2015)  | Determining whether an arrangement contains a lease   |
| TFRIC 10 (revised 2015) | Interim financial reporting and impairment  |
| TFRIC 13 (revised 2015) | Customer loyalty programmes   |
| TFRIC 14 (revised 2015) | TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction |

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

**2.2 New/revised financial reporting standards and revised financial reporting standards (Cont'd)**

2) Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards.

a) Financial reporting standards, which have significant changes and are relevant to the Group:

|                        |  |
|------------------------|--|
| TAS 1 (revised 2016)   | Presentation of financial statements         |
| TAS 16 (revised 2016)  | Property, plant and equipment                |
| TAS 19 (revised 2016)  | Employee benefits                            |
| TAS 27 (revised 2016)  | Separate financial statements                |
| TAS 28 (revised 2016)  | Investments in associates and joint ventures |
| TAS 34 (revised 2016)  | Interim financial reporting                  |
| TAS 38 (revised 2016)  | Intangible assets                            |
| TFRS 10 (revised 2016) | Consolidated financial statements            |
| TFRS 11 (revised 2016) | Joint arrangements                           |
| TFRS 12 (revised 2016) | Disclosure of interests in other entities    |

TAS 1 (revised 2016), the amendments provide clarifications on a number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals - line items specified in TAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes - confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

TAS 16 (revised 2016), key amendments are 1) The amendments clarify that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate and 2) The amendments include bearer plants in scope of TAS 16.

TAS 19 (revised 2016), the amendments clarify that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28. While current TAS 27 allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value (when announced). The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

TAS 28 (revised 2016), the significant changes are 1) the amendments allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture and 2) the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method.

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

**2.2 New/revised financial reporting standards and revised financial reporting standards (Cont'd)**

2) Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards. (Cont'd)

a) Financial reporting standards, which have significant changes and are relevant to the Group: (Cont'd)

TAS 34 (revised 2016), the amendments clarify that what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'; entities taking advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements.

TAS 38 (revised 2016), the amendments include a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either the intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or it can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

TFRS 10 (revised 2016), the amendments clarify that: 1) the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities and 2) an investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.

TFRS 11 (revised 2016), the amendments clarify that 1) the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting and 2) existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained.

TFRS 12 (revised 2016), the amendments clarify the disclosure requirements of an entity which is an investment entity and exception from preparing consolidated financial statement and instead measured its subsidiaries at fair value is required to disclose information of its subsidiaries according to the requirement in TFRS 12.

Management has assessed and considered that the above revised standards will not have a material impact on the Group.

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

**2.2 New/revise financial reporting standards and revised financial reporting standards (Cont'd)**

2) Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards. (Cont'd)

b) Revised Financial reporting standards and interpretations with minor changes and do not have impact to the Group are as follows:

|                         |   |
|-------------------------|---|
| TAS 2 (revised 2016)    | Inventories   |
| TAS 7 (revised 2016)    | Statement of cash flows   |
| TAS 8 (revised 2016)    | Accounting policies, changes in accounting estimates and errors                                   |
| TAS 10 (revised 2016)   | Events after the reporting period   |
| TAS 12 (revised 2016)   | Income taxes  |
| TAS 17 (revised 2016)   | Leases  |
| TAS 18 (revised 2016)   | Revenue   |
| TAS 21 (revised 2016)   | The effects of changes in foreign exchange rates  |
| TAS 23 (revised 2016)   | Borrowing costs   |
| TAS 24 (revised 2016)   | Related party disclosures   |
| TAS 26 (revised 2016)   | Accounting and reporting by retirement benefit plans  |
| TAS 33 (revised 2016)   | Earnings per share  |
| TAS 36 (revised 2016)   | Impairment of assets  |
| TAS 37 (revised 2016)   | Provisions, contingent liabilities and contingent assets  |
| TFRS 2 (revised 2016)   | Share-based payment   |
| TFRS 3 (revised 2016)   | Business combinations   |
| TFRS 8 (revised 2016)   | Operating segments  |
| TFRS 13 (revised 2016)  | Fair value measurement  |
| TSIC 15 (revised 2016)  | Operating leases - Incentives   |
| TSIC 25 (revised 2016)  | Income taxes - Changes in the tax status of an entity or its shareholders                         |
| TSIC 31 (revised 2016)  | Revenue - Barter transactions involving advertising services                                      |
| TSIC 32 (revised 2016)  | Intangible assets - Web site costs  |
| TFRIC 4 (revised 2016)  | Determining whether an arrangement contains a lease   |
| TFRIC 10 (revised 2016) | Interim financial reporting and impairment  |
| TFRIC 13 (revised 2016) | Customer loyalty programmes   |
| TFRIC 14 (revised 2016) | TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction |
| TAS 105 (revised 2016)  | Accounting for Investments in Debt and Equity Securities  |

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

**2.3 Group accounting - investments in subsidiaries and associates and interests in joint ventures**

**a) Subsidiaries**

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

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

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

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

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

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

In the separated financial statements, 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.

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

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

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

**b) Transactions with 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.

**c) Disposal of subsidiaries**

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

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

If the ownership interest in 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.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

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

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

In the separate financial statements, investments in associates 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)**

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

**e) Joint arrangements**

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

**2.4 Foreign currency translation**

**a) Functional and presentation currency**

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

**b) Transactions and balances**

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

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

**c) Group companies**

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

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

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

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

**2.5 Cash and cash equivalents**

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

**2.6 Trade accounts receivable**

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

**2.7 Inventories and films under production**

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

Inventories are stated at the lower of cost or net realisable value. Costs of foods and beverages and cinema 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 consumption used in various channels. Costs of films comprise costs directly attributable to films production and are stated at cost.

**2.8 Investments**

Investments other than investments in subsidiaries, associates and 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 National Stock Exchange of India Limited. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

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

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

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

**2.9 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation is calculated on the straight-line basis to write off the cost of each asset, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life or, if it is shorter, the lease term, as follows:

|                               |   |
|-------------------------------|---|
| Building                      | 20 years  |
| Cinema and cinema improvement | 10, 20 years<br>and the lease contracts periods |
| Utility system                | 5, 10, 15 years                                 |
| Tool equipment and fixture    | 5, 10, 15, 20 years                             |
| Office equipment              | 5 years   |
| Vehicle                       | 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 income statements.

**2.10 Goodwill**

Goodwill represents the excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liability of the acquired subsidiary and the fair value of the non-controlling interest in the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position.

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

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

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

**2.11 Other intangible assets**

**Film rights**

Film rights are 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 consumption used in various channels over the lifetime of rights. In the event that an ultimate loss is projected for each right, an amount equivalent to this loss will be written-off in the income statement immediately.

**Computer software**

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

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

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

**2.12 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.

**2.13 Leases**

**Leases - where the Group is the lessee**

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

The Group leases certain building and equipment. Leases of building 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.

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

**2.13 Leases (Cont'd)**

**Leases - where the Group 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 building and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar building 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.

**2.14 Borrowings**

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

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

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

**a) Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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

**2.15 Current and deferred income taxes**

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

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

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

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

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

**2.16 Employee benefits**

**Employee benefits obligations**

Group companies operate various employee benefit schemes. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act. B.E. 2530. The 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 payment is available. A defined benefit plan is a retirement 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.

The liability recognised in the statement of financial position in respect of defined benefit obligations 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 every three years 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 equity in other comprehensive income in the period in which they arise.

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

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

### **2.17 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 save or holdings shares for a specific period of time).

Non-market performance and service 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.

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, in separate financial statement undertakings, with a corresponding credit to equity.

### **2.18 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.

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.

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)**

### **2.19 Share capital**

Ordinary shares are classified as equity.

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

Where any companies within the Group purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

### **2.20 Revenue recognition**

Revenues of the Group consist principally admissions, concession sales, advertising services, bowling and Karaoke services, rental and services, sales of 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 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.

### **2.21 Customer loyalty programmes**

The Group offers customer loyalty programmes ("loyalty points") for members of M-Generation card as a part of sales and services. The member will receive loyalty points that could be redeemed in the future by customers for selected goods or services with no consideration paid based on terms and conditions as specified in the M-Generation card.

TFRIC 13 deals with the recognition of loyalty award credits granted to customers as part of loyalty programmes. These awards are granted on the sale of goods or services and can be redeemed in the future against free goods or services.

Under TFRIC 13, credits granted to a customer are considered as a separately identifiable component of the sale transaction. The consideration received in respect of the sale transaction is allocated between:

- The initial sale of goods or supply of services, for which the corresponding revenue is recognised immediately in income; and
- Credits awarded and redeemable in the future, for which the corresponding revenue is deferred until the customer redeems the awards and the entity fulfils its obligations to supply the awards.

The Group measure the consideration allocated to the award credits with reference to fair value.

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

**2.22 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

**2.23 Segment reporting**

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

**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 and interest rate 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.

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

**3.1.1 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 has foreign exchange transaction from purchase of film rights mainly dominated in various currencies, primarily with respect to USD. 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 Financial risk management (Cont'd)**

**3.2 Fair value estimation**

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's financial assets and liabilities that are measured at fair value. See note 8 for disclosures of the disposal groups held for sale that are measured at fair value.

**As at 31 December 2016**

|  | <b>Level 1<br/>Baht</b>     |
|--|-----------------------------|
|  | <u>                    </u> |
| <b>Assets</b>                              |                             |
| <b>Available-for-sale financial assets</b> |                             |
| Equity securities                          |                             |
| Media and publishing industry              | 512,698,612                 |
|  | <u>                    </u> |
| <b>Total assets</b>                        | <u>512,698,612</u>          |

**As at 31 December 2015**

|  | <b>Level 1<br/>Baht</b>     |
|--|-----------------------------|
|  | <u>                    </u> |
| <b>Assets</b>                              |                             |
| <b>Available-for-sale financial assets</b> |                             |
| Equity securities                          |                             |
| Media and publishing industry              | 748,530,498                 |
|  | <u>                    </u> |
| <b>Total assets</b>                        | <u>748,530,498</u>          |

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

#### **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 Critical accounting estimates and assumptions**

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

###### **a) Estimated impairment of goodwill**

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.12. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations or fair value less cost to sell as appropriate. 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, 7.0% instead of 6.0%), the Group has to additionally recognise impairment of goodwill amounting to Baht 8.24 million. In the preparation of forecast financial statement; however, management based on the past operating result and the expected growth in the industry, the growth rate is consistent with the past actual result. The base case is considered as the appropriate base in evaluation of goodwill.

###### **b) 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.

###### **c) 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.

###### **d) 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.

###### **e) Valuation of movies under production**

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

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

**4.1 Critical accounting estimates and assumptions (Cont'd)**

**f) 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 22.

**g) 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.

**4.2 Critical judgements in applying the entity's accounting policies**

**a) Joint arrangements**

The Company holds 49% of the voting rights of its joint arrangement. The Group has joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

The Group's joint arrangement is structured as a limited company and provides the Group and the parties to the agreements with rights to the net assets of the limited company under the arrangements. Therefore, this arrangement is classified as a "Joint venture".

**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:

|  | <b>Consolidated financial statements</b> |                                 |   |   |                                       | <b>Unit: Million Baht</b> |
|--|--|---------------------------------|---|---|---------------------------------------|---------------------------|
| <b>For the year ended 31 December 2016</b>               | <b>Cinema<br/>business</b>               | <b>Advertising<br/>business</b> | <b>Bowling<br/>and<br/>Karaoke<br/>business</b> | <b>Rental and<br/>services<br/>business</b> | <b>Movie<br/>content<br/>business</b> | <b>Total</b>              |
| Revenues   |  |                                 |   |   |                                       |                           |
| - Gross segment revenues                                 | 6,985                                    | 1,009                           | 532   | 574   | 485                                   | 9,585                     |
| - Inter segment revenues                                 | (488)                                    | -                               | (59)  | (97)  | (196)                                 | (840)                     |
| Net revenues   | <u>6,497</u>                             | <u>1,009</u>                    | <u>473</u>                                      | <u>477</u>                                  | <u>289</u>                            | <u>8,745</u>              |
| Segment results  | <u>569</u>                               | <u>724</u>                      | <u>(21)</u>                                     | <u>(2)</u>                                  | <u>(169)</u>                          | 1,101                     |
| Compensation income                                      |  |                                 |   |   |                                       | 46                        |
| Gain on disposal of investment                           |  |                                 |   |   |                                       | 376                       |
| Unallocated expense                                      |  |                                 |   |   |                                       | <u>(191)</u>              |
| Operating profit   |  |                                 |   |   |                                       | 1,332                     |
| Finance costs  |  |                                 |   |   |                                       | (144)                     |
| Share of profit of associates and joint ventures         |  |                                 |   |   |                                       | <u>256</u>                |
| Profit before income tax                                 |  |                                 |   |   |                                       | 1,444                     |
| Income tax   |  |                                 |   |   |                                       | <u>(237)</u>              |
| Net profit   |  |                                 |   |   |                                       | <u>1,207</u>              |
| Segment fixed assets                                     | 5,941                                    | 21                              | 605   | 1,008                                       | 16                                    | 7,591                     |
| Investments in associates and interest in joint ventures |  |                                 |   |   |                                       | 3,040                     |
| Unallocated assets                                       |  |                                 |   |   |                                       | <u>4,094</u>              |
| Consolidated total assets                                |  |                                 |   |   |                                       | <u>14,725</u>             |

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6 Segment information (Cont'd)

|  | Consolidated financial statements |                      |                              |                              |                        | Total  |
|--|-----------------------------------|----------------------|------------------------------|------------------------------|------------------------|--------|
|  | Cinema business                   | Advertising business | Bowling and Karaoke business | Rental and services business | Movie content business |        |
|  | Unit: Million Baht                |                      |                              |                              |                        |        |
| <b>For the year ended 31 December 2015</b>               |                                   |                      |                              |                              |                        |        |
| Revenues   |                                   |                      |                              |                              |                        |        |
| - Gross segment revenues                                 | 6,594                             | 973                  | 580                          | 626                          | 542                    | 9,315  |
| - Inter segment revenues                                 | (488)                             | -                    | (70)                         | (103)                        | (74)                   | (735)  |
| Net revenues   | 6,106                             | 973                  | 510                          | 523                          | 468                    | 8,580  |
| Segment results  | 702                               | 683                  | 1                            | 54                           | (145)                  | 1,295  |
| Compensation income                                      |                                   |                      |                              |                              |                        | 8      |
| Gain on disposal of investment                           |                                   |                      |                              |                              |                        | 237    |
| Unallocated expense                                      |                                   |                      |                              |                              |                        | (141)  |
| Operating profit   |                                   |                      |                              |                              |                        | 1,399  |
| Finance costs  |                                   |                      |                              |                              |                        | (154)  |
| Share of profit of associates and joint ventures         |                                   |                      |                              |                              |                        | 237    |
| Profit before income tax                                 |                                   |                      |                              |                              |                        | 1,482  |
| Income tax   |                                   |                      |                              |                              |                        | (300)  |
| Net profit   |                                   |                      |                              |                              |                        | 1,182  |
| Segment fixed assets                                     | 5,508                             | 33                   | 692                          | 1,107                        | 18                     | 7,358  |
| Investments in associates and interest in joint ventures |                                   |                      |                              |                              |                        | 2,826  |
| Unallocated assets                                       |                                   |                      |                              |                              |                        | 4,062  |
| Consolidated total assets                                |                                   |                      |                              |                              |                        | 14,246 |

**6 Segment information (Cont'd)**

Unallocated costs represent corporate expenses. Segment assets consist of 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 financial statements |                    | Separate financial statements |                   |
|                                  | 2016                              | 2015               | 2016                          | 2015              |
| Cash on hand                     | 42,570,698                        | 38,460,043         | 30,748,394                    | 26,553,152        |
| Deposits held at call with banks | 488,302,530                       | 273,599,646        | 142,903,878                   | 66,412,234        |
| <b>Cash and cash equivalents</b> | <b>530,873,228</b>                | <b>312,059,689</b> | <b>173,652,272</b>            | <b>92,965,386</b> |

The effective interest rates on short-term bank deposit are ranging from 0.10% to 0.37 % per annum (2015: 0.10% to 0.50% per annum).

**8 Available-for-sale investment**

The movement of available-for-sale investment over the year is as follows:

|                                     | Unit: Baht  |                    |
|-------------------------------------|---|--------------------|
|                                     | Consolidated financial statements and Separate financial statements |                    |
|                                     | 2016  | 2015               |
| Opening book value                  | 748,530,498   | 785,507,073        |
| Disposal at cost                    | (112,875,261)   | (58,163,739)       |
| Realised gain                       | (364,634,030)   | (137,925,188)      |
| Gain (loss) on exchange rate        | (14,778,177)  | 36,031,897         |
| Change in fair value of investments | 238,455,582   | 123,080,455        |
| <b>Closing book value</b>           | <b>512,698,612</b>  | <b>748,530,498</b> |

The fair values of the investments are as follows:

|                   | Unit: Baht  |                    |
|-------------------|---|--------------------|
|                   | Consolidated financial statements and Separate financial statements |                    |
|                   | 2016  | 2015               |
| Cost              | 108,405,000   | 221,280,261        |
| Unrealised gain   | 404,293,612   | 527,250,237        |
| <b>Fair value</b> | <b>512,698,612</b>  | <b>748,530,498</b> |

During 2016, the Company disposed available-for-sale investment for a consideration of Baht 459.51 million and recognised gain on disposal of investment amounting to Baht 346.63 million, which included in "Other income".

The fair value of the investment is based on quoted market prices at the statement of financial position date in the Stock Exchange of India Limited. The fair values are within level 1 of the fair value hierarchy.

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**9 Trade account and other receivables**

|   | Unit: Baht                        |                             |                               |                           |
|---|-----------------------------------|-----------------------------|-------------------------------|---------------------------|
|   | Consolidated financial statements |                             | Separate financial statements |                           |
|   | 2016                              | 2015                        | 2016                          | 2015                      |
| Trade accounts receivable - third parties             | 638,634,765                       | 634,608,967                 | 131,278,990                   | 100,390,651               |
| Trade accounts receivable - related parties (Note 36) | 12,739,615                        | 11,480,243                  | 61,164,952                    | 67,395,248                |
| Unbilled revenue                                      | 386,400,007                       | 308,528,225                 | 33,867,924                    | 43,311,236                |
| <b>Total</b>  | <b>1,037,774,387</b>              | <b>954,617,435</b>          | <b>226,311,866</b>            | <b>211,097,135</b>        |
| <u>Less</u> Allowance for doubtful accounts           | <u>(43,593,884)</u>               | <u>(6,732,086)</u>          | <u>-</u>                      | <u>-</u>                  |
| Trade accounts receivable, net                        | 994,180,503                       | 947,885,349                 | 226,311,866                   | 211,097,135               |
| Amounts due from related parties (Note 36)            | 69,473,283                        | 51,519,243                  | 334,798,246                   | 176,610,251               |
| Other accounts receivable                             | 150,855,347                       | 131,059,460                 | 132,067,929                   | 88,513,436                |
| Prepaid expenses                                      | 41,805,669                        | 50,054,603                  | 19,217,644                    | 25,799,623                |
| <b>Trade account and other receivables</b>            | <b><u>1,256,314,802</u></b>       | <b><u>1,180,518,655</u></b> | <b><u>712,395,685</u></b>     | <b><u>502,020,445</u></b> |

Outstanding trade and other receivables can be analysed according to ages as follows:

|   | Unit: Baht                        |                    |                               |                    |
|---|-----------------------------------|--------------------|-------------------------------|--------------------|
|   | Consolidated financial statements |                    | Separate financial statements |                    |
|   | 31 December 2016                  | 31 December 2015   | 31 December 2016              | 31 December 2015   |
| Unbilled revenue                            | 387,444,295                       | 309,367,943        | 33,867,924                    | 46,152,295         |
| Trade accounts receivable                   |                                   |                    |                               |                    |
| Current                                     | 264,235,989                       | 388,629,061        | 86,154,678                    | 113,882,608        |
| Overdue less than 3 months                  | 180,998,295                       | 184,932,497        | 85,254,698                    | 46,726,464         |
| 3 - 6 months                                | 35,912,437                        | 32,530,355         | 12,813,909                    | 2,121,682          |
| 6 - 12 months                               | 133,649,357                       | 22,241,681         | 7,217,687                     | 1,240,641          |
| Over 12 months                              | 35,534,014                        | 16,915,898         | 1,002,970                     | 973,445            |
| <b>Total</b>                                | <b>1,037,774,387</b>              | <b>954,617,435</b> | <b>226,311,866</b>            | <b>211,097,135</b> |
| <u>Less</u> Allowance for doubtful accounts | <u>(43,593,884)</u>               | <u>(6,732,086)</u> | <u>-</u>                      | <u>-</u>           |
| Trade accounts receivable, net              | 994,180,503                       | 947,885,349        | 226,311,866                   | 211,097,135        |

**10 Inventories**

|                               | Unit: Baht                        |                           |                               |                          |
|-------------------------------|-----------------------------------|---------------------------|-------------------------------|--------------------------|
|                               | Consolidated financial statements |                           | Separate financial statements |                          |
|                               | 2016                              | 2015                      | 2016                          | 2015                     |
| Foods and beverages           | 78,087,657                        | 114,188,601               | 50,456,727                    | 80,467,373               |
| VCD and DVD, net of allowance | 4,825,959                         | 58,391,683                | -                             | -                        |
| Supplies and others           | 14,896,519                        | 10,003,639                | 11,233,844                    | 7,616,939                |
| <b>Inventories, net</b>       | <b><u>97,810,135</u></b>          | <b><u>182,583,923</u></b> | <b><u>61,690,571</u></b>      | <b><u>88,084,312</u></b> |

Cost of inventory was recognised as an expense and included in cost amounting to Baht 476.39 million and Baht 337.19 million in the Consolidated and separate income statements, respectively (2015: Baht 517.97 million and Baht 328.44 million).

The Group recorded reversal of loss from obsolescence and allowance for diminution in value to inventories in the consolidated income statement for the year ended 31 December 2016 amounting to Baht 18.41 million (2015: Charged of Baht 2.45 million).

11 Other current assets

|                                     | Unit: Baht                        |                    |                               |                   |
|-------------------------------------|-----------------------------------|--------------------|-------------------------------|-------------------|
|                                     | Consolidated financial statements |                    | Separate financial statements |                   |
|                                     | 2016                              | 2015               | 2016                          | 2015              |
| Value added tax receivable          | 91,559,478                        | 97,909,850         | 33,627,034                    | 41,059,845        |
| Withholding tax deducted at sources | 43,026,517                        | 53,505,521         | 381,168                       | 478,496           |
| Others                              | 57,042,322                        | 24,123,190         | 26,549,677                    | 5,196,007         |
|                                     | <u>191,628,317</u>                | <u>175,538,561</u> | <u>60,557,879</u>             | <u>46,734,348</u> |

12 Investments in subsidiaries, associates and interests in joint ventures

Investments accounted for using equity method

The amounts recognised in the balance sheet are as follows:

|                | Unit: Baht                        |                      |
|----------------|-----------------------------------|----------------------|
|                | Consolidated financial statements |                      |
|                | 2016                              | 2015                 |
| Associates     | 2,751,690,359                     | 2,525,403,524        |
| Joint ventures | 288,167,915                       | 300,877,587          |
|                | <u>3,039,858,274</u>              | <u>2,826,281,111</u> |

The amounts recognised in the income statement are as follows:

|                | Unit: Baht                        |                    |
|----------------|-----------------------------------|--------------------|
|                | Consolidated financial statements |                    |
|                | 2016                              | 2015               |
| Associates     | 250,824,492                       | 234,894,716        |
| Joint ventures | 5,335,035                         | 2,288,053          |
|                | <u>256,159,527</u>                | <u>237,182,769</u> |

(a) Investment in associates

Summarised statement of financial position

|   | Unit: Baht                        |                      |                               |                      |
|---|-----------------------------------|----------------------|-------------------------------|----------------------|
|   | Consolidated financial statements |                      | Separate financial statements |                      |
|   | 2016                              | 2015                 | 2016                          | 2015                 |
| Opening net book amount                                   | 2,525,403,524                     | 2,343,980,072        | 2,323,374,428                 | 2,233,091,268        |
| Additions   | 207,891,950                       | 162,788,430          | 207,891,950                   | 162,788,430          |
| Disposals   | (33,365,449)                      | (85,277,816)         | (29,956,183)                  | (72,505,270)         |
| Dividends received  | (194,821,572)                     | (130,981,878)        | -                             | -                    |
| Deferred gain on disposals of assets to the Property fund | (4,242,586)                       | -                    | -                             | -                    |
| Share of results  | 250,824,492                       | 234,894,716          | -                             | -                    |
| Closing net book amount                                   | <u>2,751,690,359</u>              | <u>2,525,403,524</u> | <u>2,501,310,195</u>          | <u>2,323,374,428</u> |

Gain on disposals of assets to the Property Fund will be realised on the straight-line basis over the lease contracts period of the buildings leased out to the Property Fund. During 2016, the Group realised gain on disposals of Baht 16.32 million in the consolidated income statement. (2015: Baht 16.32 million).

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

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

Investment in associates included goodwill of Baht 246.48 million (2015: Baht 235.31 million) in the consolidated financial statements. During 2016, the Company received dividends income from associates amounting to Baht 194.82 million, which was recognised in "Other income" in the company income statement and recognised in "Investment in associates" in the consolidated statement of financial position.

**Siam Future Development Public Company Limited ("SF")**

**2016**

During the year, the Company made additional investment in SF of 28.97 million shares totalling Baht 173.59 million.

In addition, the Company disposed investment in SF of 10.68 million shares for the considerations of Baht 63.10 million and recognised gain on disposal of investment amounting to Baht 29.74 million, and Baht 33.15 million, which included in "Other income" in the Consolidated and separate income statements, respectively.

The aforementioned movement of investment resulted in the change to shareholding percentage from 23.86% to 24.89%.

**2015**

During the year, the Company made additional investment in SF of 28.74 million shares totalling Baht 162.79 million.

In addition, the Company disposed investment in SF of 27.63 million shares for the considerations of Baht 184.39 million and recognised gain on disposal of investment amounting to Baht 99.11 million, and Baht 111.88 million, which included in "Other income" in the Consolidated and separate income statements, respectively.

**CJ Major Entertainment Company Limited ("CJM")**

**2016**

On 9 March 2016, the Company invested in CJM, a film producer and film distributor, of 245 shares for a consideration of Baht 2.45 million. Investment in CJM representing 49.00% of the registered shares is classified as investment in associate taking into account of controlling power and returns. The equity method of accounting is applied to this investment in the consolidated financial information.

On 28 March 2016, CJM increased the authorised share capital by issuing 6,500 new shares at par value of Baht 10,000 per share. The Company additionally acquired shares of CJM for a total consideration of Baht 31.85 million in order to maintain shareholding interest of 49.00%.

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

(a) Investment in associates (Cont'd)

The details of investments in associates in 2016 and 2015 are as follows

|   | Country of incorporation and place of business | Nature of business                              | Nature of relationship                        | % Ownership interest |                  | Measurement method |
|---|--|---|---|----------------------|------------------|--------------------|
|   |  |   |   | 31 December 2016     | 31 December 2015 |                    |
| <b>Associates</b>   |  |   |   |                      |                  |                    |
| Siam Future Development Public Company Limited ("SF")     | Thailand                                       | Rental of building space and utilities services | Shareholder                                   | 24.89                | 23.86            | Equity             |
| Ratchayothin Avenue Co., Ltd.                             | Thailand                                       | Rental of building space and utilities services | Shareholder<br>Shareholder Indirect<br>Via SF | 50.00<br>12.45       | 50.00<br>11.93   | Equity<br>Equity   |
| Major Cineplex Lifestyle Leasehold Property Fund ("MJLF") | Thailand                                       | Rental of building space and utilities services | Shareholder                                   | 33.00                | 33.00            | Equity             |
| Thai ticket major Co., Ltd.                               | Thailand                                       | Agent for selling of tickets                    | Shareholder                                   | 40.00                | 40.00            | Equity             |
| CJ Major Entertainment Company Limited ("CJM")            | Thailand                                       | Film production and distribution                | Shareholder                                   | 49.00                | -                | Equity             |

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**12 Investments in subsidiaries, associates and interest in joint ventures (Cont'd)**

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

As at 31 December 2016, the fair value of the Groups interest in SF, which is listed on the Stock Exchange of Thailand, was Baht 2,719.48 million (2015: Baht 2,649.42 million) and the carrying amount of the Group's interest was Baht 1,538.25 million (2015: Baht 1,357.75 million).

As at 31 December 2016, the fair value of the Group's interest in MJLF, which is listed on the Stock Exchange of Thailand, was Baht 1,600.83 million (2015: Baht 1,426.59 million) and the carrying amount of the Group's interest was Baht 1,098.39 million (2015: Baht 1,080.18 million).

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

**Summarised financial information for associates**

Set out below are the summarised financial information for SF and MJLF which are accounted for using the equity method.

**Summarised statement of financial position**

|  | Unit: Baht    |               |               |               |                |                |
|--|---------------|---------------|---------------|---------------|----------------|----------------|
|  | SF            |               | MJLF          |               | Total          |                |
|  | 2016          | 2015          | 2016          | 2015          | 2016           | 2015           |
| <b>Current assets</b>                          |               |               |               |               |                |                |
| Cash and cash equivalents                      | 25,197,937    | 33,499,626    | 248,924,395   | 290,261,730   | 274,122,332    | 323,761,356    |
| Other current asset (excluding cash)           | 390,310,803   | 876,914,618   | 2,393,064     | 2,521,705     | 392,703,867    | 879,436,323    |
| Total current assets                           | 415,508,740   | 910,414,244   | 251,317,459   | 292,783,435   | 666,826,199    | 1,203,197,679  |
| <b>Non-current assets</b>                      | 8,726,075,381 | 8,032,364,851 | 3,925,653,469 | 3,839,063,324 | 12,651,728,850 | 11,871,428,175 |
| <b>Current liabilities</b>                     |               |               |               |               |                |                |
| (excluding trade payables)                     | 1,067,780,163 | 779,985,158   | -             | 1,845,724     | 1,067,780,163  | 781,830,882    |
| Other current liabilities                      | 428,647,024   | 453,353,435   | 36,464,371    | 17,057,165    | 465,111,395    | 470,410,600    |
| (including trade payables)                     |               |               |               |               |                |                |
| Total current liabilities                      | 1,496,427,187 | 1,233,338,593 | 36,464,371    | 18,902,889    | 1,532,891,558  | 1,252,241,482  |
| <b>Non-current liabilities</b>                 |               |               |               |               |                |                |
| Financial liabilities                          | 499,406,215   | 1,198,796,677 | -             | -             | 499,406,215    | 1,198,796,677  |
| Other non-current liabilities                  | 1,304,839,142 | 1,341,262,070 | 93,052,983    | 91,074,759    | 1,397,892,125  | 1,432,336,829  |
| Total non-current liabilities                  | 1,804,245,357 | 2,540,058,747 | 93,052,983    | 91,074,759    | 1,897,298,340  | 2,631,133,506  |
| Net assets including non-controlling interests | 5,840,911,577 | 5,169,381,755 | 4,047,453,574 | 4,021,869,111 | 9,888,365,151  | 9,191,250,866  |
| Non-controlling interests                      | (385,294,132) | (370,361,235) | -             | -             | (385,294,132)  | (370,361,235)  |
| Net assets excluding non-controlling interests | 5,455,617,445 | 4,799,020,520 | 4,047,453,574 | 4,021,869,111 | 9,503,071,019  | 8,820,889,631  |

**Major Cineplex Group Public Company Limited**  
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**12 Investments in subsidiaries, associates and interest in joint ventures (Cont'd)**

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

**Summarised statement of comprehensive income**

|   | Unit: Baht         |                    |                    |                    |                      |                      |
|---|--------------------|--------------------|--------------------|--------------------|----------------------|----------------------|
|   | SF                 |                    | MJLF               |                    | Total                |                      |
|   | 2016               | 2015               | 2016               | 2015               | 2016                 | 2015                 |
| Revenue   | 1,404,639,910      | 1,401,462,142      | 482,318,590        | 480,051,314        | 1,886,958,500        | 1,881,513,456        |
| Depreciation and amortisation                     | (262,132,950)      | (261,103,836)      | -                  | -                  | (262,132,950)        | (261,103,836)        |
| Interest income                                   | 26,268,732         | 27,197,527         | 3,088,597          | 3,403,092          | 29,357,329           | 30,600,619           |
| Interest expense                                  | (75,242,935)       | (96,372,720)       | -                  | -                  | (75,242,935)         | (96,372,720)         |
| <b>Profit or loss from continuing operation</b>   | <b>969,047,690</b> | <b>930,051,619</b> | <b>364,113,868</b> | <b>357,598,286</b> | <b>1,333,161,558</b> | <b>1,287,649,905</b> |
| Income tax expense                                | (45,968,049)       | (38,064,687)       | -                  | -                  | (45,968,049)         | (38,064,687)         |
| <b>Post-tax profit from continuing operations</b> | <b>923,079,641</b> | <b>891,986,932</b> | <b>364,113,868</b> | <b>357,598,286</b> | <b>1,287,193,509</b> | <b>1,249,585,218</b> |
| <b>Other comprehensive income</b>                 | <b>-</b>           | <b>(264,556)</b>   | <b>(5,229,406)</b> | <b>4,515,374</b>   | <b>(5,229,406)</b>   | <b>4,250,818</b>     |
| <b>Total comprehensive income</b>                 | <b>923,079,641</b> | <b>891,722,376</b> | <b>358,884,462</b> | <b>362,113,660</b> | <b>1,281,964,103</b> | <b>1,253,836,036</b> |
| <b>Dividends received from associates</b>         | <b>64,432,572</b>  | <b>7,686,078</b>   | <b>109,989,000</b> | <b>111,295,800</b> | <b>174,421,572</b>   | <b>118,981,878</b>   |

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

**Reconciliation of summarised financial information**

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

|  | Unit: Baht           |                      |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | SF                   |                      | MJLF                 |                      | Total                |                      |
|  | 2016                 | 2015                 | 2016                 | 2015                 | 2016                 | 2015                 |
| Summarised financial information                       |                      |                      |                      |                      |                      |                      |
| <b>Opening net assets as at 1 January</b>              | <b>4,799,020,520</b> | <b>4,236,305,764</b> | <b>4,021,869,111</b> | <b>3,997,015,451</b> | <b>8,820,889,631</b> | <b>8,233,321,215</b> |
| Profit for the period                                  | 923,079,641          | 891,986,932          | 364,113,868          | 357,598,286          | 1,287,193,509        | 1,249,585,218        |
| Other comprehensive income                             | -                    | (264,556)            | (5,229,406)          | 4,515,374            | (5,229,406)          | 4,250,818            |
| Dividend paid  | (266,482,716)        | (329,007,620)        | (333,300,000)        | (337,260,000)        | (599,782,716)        | (666,267,620)        |
| <b>Carrying value as at period end</b>                 | <b>5,455,617,445</b> | <b>4,799,020,520</b> | <b>4,047,453,573</b> | <b>4,021,869,111</b> | <b>9,503,071,018</b> | <b>8,820,889,631</b> |
| Interest in associate (%)                              | 24.89                | 23.86                | 33.00                | 33.00                |                      |                      |
| Interest in joint venture                              | 1,357,903,182        | 1,145,046,296        | 1,335,659,679        | 1,327,216,807        | 2,693,562,861        | 2,472,263,103        |
| Effect from change of percentage of ownership interest | (42,478,514)         | 1,051,186            | -                    | -                    | (42,478,514)         | 1,051,186            |
| Adjusted gain from selling assets                      | -                    | -                    | (237,268,154)        | (247,039,054)        | (237,268,154)        | (247,039,054)        |
| Goodwill   | 222,824,515          | 211,653,466          | -                    | -                    | 222,824,515          | 211,653,466          |
| Carrying value   | 1,538,249,183        | 1,357,750,948        | 1,098,391,525        | 1,080,177,753        | 2,636,640,708        | 2,437,928,701        |

**Individually immaterial associates**

In addition to interest in joint ventures disclosed above, the Group also has interests in a number of individually material joint ventures that are accounted for using the equity method.

|   | Unit: Baht        |                   |
|---|-------------------|-------------------|
|   | 2016              | 2015              |
| Aggregate carrying amount of individually immaterial associates                     | 115,049,651       | 87,474,823        |
| Aggregate amounts of repost entity's share of:<br>Profit from continuing activities | 13,674,827        | 26,384,102        |
| <b>Total comprehensive income</b>   | <b>13,674,827</b> | <b>26,384,102</b> |

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

(b) Investment in joint venture

Movement of interests in joint venture is as follows:

|  | Unit: Baht                           |                    |                                  |                    |
|--|--------------------------------------|--------------------|----------------------------------|--------------------|
|  | Consolidated financial<br>statements |                    | Separate financial<br>statements |                    |
|  | 2016                                 | 2015               | 2016                             | 2015               |
| Opening book amount  | 300,877,587                          | 294,159,582        | 245,167,525                      | 255,167,325        |
| Additional investment  | -                                    | 26,775,326         | -                                | -                  |
| Reclassification from investment in<br>joint ventures to subsidiaries<br>(Note 12 (c)) | -                                    | (8,638,141)        | -                                | (9,999,800)        |
| Dividends received   | (17,999,465)                         | (13,499,970)       | -                                | -                  |
| Share of result  | 5,335,035                            | 2,288,053          | -                                | -                  |
| Share of comprehensive (loss)  | -                                    | (185,947)          | -                                | -                  |
| Difference from translation of<br>financial statements                                 | (45,242)                             | (21,316)           | -                                | -                  |
| Closing book amount  | <u>288,167,915</u>                   | <u>300,877,587</u> | <u>245,167,525</u>               | <u>245,167,525</u> |

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

(b) Investment in joint venture (Cont'd)

The jointly controlled entities are:

|   | Place of Business/country of incorporation | Nature of business  | Nature of the relationship | % of ownership interest |                  | Measurement method |
|---|--|---|----------------------------|-------------------------|------------------|--------------------|
|   |  |   |                            | 31 December 2016        | 31 December 2015 |                    |
| <b>Joint ventures</b>                               |  |   |                            |                         |                  |                    |
| PVR blu-O Entertainment Co., Ltd. ("PVR blu-O")     | India                                      | Bowling, Karaoke and entertainment  | Shareholder                | 49.00                   | 49.00            | Equity             |
| <b>Joint venture under MPIC</b>                     |  |   |                            |                         |                  |                    |
| Major Kantana Broadcasting Company Limited          | Thailand                                   | Satellite broadcasting and distribution of film rights  | Indirect shareholding      | 41.61                   | 41.61            | Equity             |
| Transformation Film Co., Ltd.                       | Thailand                                   | Film production, advertising, television programmes service provided for all forms of entertainment | Indirect shareholding      | 26.42                   | 26.42            | Equity             |
| MVP M Pictures Distribution (Lao) Co., Ltd. ("MVP") | Laos                                       | Film distribution   | Indirect Shareholding      | 36.98                   | 36.98            | Equity             |

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

(b) Investment in joint venture (Cont'd)

**Commitments and contingent liabilities in respect of joint ventures**

The Group has no commitments relating to non-controlling interests of its joint ventures.

**Individually immaterial joint ventures**

The Group also has interests in a number of individually immaterial joint ventures that are accounted for using the equity method.

|  | <b>Unit: Baht</b>       |                         |
|--|-------------------------|-------------------------|
|  | <b>2016</b>             | <b>2015</b>             |
| Aggregate carrying amount of individually immaterial joint ventures                    | <u>288,167,915</u>      | <u>300,877,587</u>      |
| Aggregate amounts of the reporting entity's share of profit from continuing activities | <u>5,335,035</u>        | <u>2,288,053</u>        |
| <b>Total comprehensive income</b>  | <u><b>5,335,035</b></u> | <u><b>2,288,053</b></u> |

(c) Principal subsidiaries

Movements of investment in subsidiaries can be analysed as follows:

|   | <b>Unit: Baht</b>                    |                             |
|---|--------------------------------------|-----------------------------|
|   | <b>Separate financial statements</b> |                             |
|   | <b>2016</b>                          | <b>2015</b>                 |
| Investment in subsidiaries  | 3,742,768,546                        | 3,742,768,546               |
| <u>Less</u> Allowance for impairment  | <u>(122,354,600)</u>                 | <u>(1,500,000)</u>          |
| Investment in subsidiaries, net   | <u><b>3,620,413,946</b></u>          | <u><b>3,741,268,546</b></u> |
| <b>For the years ended 31 December</b>  |                                      |                             |
| Opening net book amount   | 3,741,268,546                        | 3,732,412,032               |
| Acquisitions  | -                                    | 8,686,629                   |
| Reclassification from investment in joint ventures to subsidiaries (Note 12(b)) | -                                    | 9,999,800                   |
| Liquidation of subsidiaries   | -                                    | (8,329,915)                 |
| Impairment of investment  | <u>(120,854,600)</u>                 | <u>(1,500,000)</u>          |
| Closing net book amount   | <u><b>3,620,413,946</b></u>          | <u><b>3,741,268,546</b></u> |

**12 Investments in subsidiaries, associates and interest in joint ventures (Cont'd)**

**c) Principal subsidiaries (Cont'd)**

During 2016, the Company received dividends income from subsidiaries amounting to Baht 561.82 million (2015: Baht 5.73 million), which was recognised as "Other income" in the Company income statement.

**Additional of investment in subsidiaries**

**Major Platinum Cineplex (Lao) Co., Ltd.**

On 1 January 2016, Major Holding International Co., Ltd. (subsidiary) has invested in 60.00% of ordinary shares in Major Platinum Cineplex (Lao) Co., Ltd., a cinema services provider in Lao People's Democratic Republic, totalling Baht 6.04 million. Details of business combinations are disclosed in note 35.

**Cineplex (Lao) Sole Co., Ltd.**

On 20 May 2016, Major Holding International Co., Ltd. (subsidiary) has invested in 100.00% of ordinary shares in Cineplex (Lao) Sole Co., Ltd., a cinema services provider in Lao People's Democratic Republic which is registered on 20 May 2016, totalling Baht 4.30 million.

**Metacognition Co., Ltd. ("MTC")**

On 21 October 2016, M Picture Entertainment Public Co., Ltd. (subsidiary) has established a new company namely Metacognition Co., Ltd. to operate as advertising agency for all media, with the registered share capital of Baht 2.00 million, comprising 20,000 ordinary shares with a par value of Baht 100 each. The subsidiary will own 60.00% or equivalent to Baht 1.20 million in Metacognition Co., Ltd.

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

On 19 January 2015, the Company has purchased 50.00% of ordinary shares in K Arena Co., Ltd., which is an operator of Karaoke business, totalling Baht 8.69 million. As a result, the shareholding percentage changed from 49.99% to 99.99%, and the status of investment changed from joint venture to subsidiary.

On 20 December 2016, K Arena has registered to change its name to Major Reward Co., Ltd. and amended the objectives of the company to operate in customer relationship services, electronic payment, and coupon kiosk.

**Liquidation of subsidiaries**

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

On 13 August 2015, UDF was registered for liquidation. UDF declared a dividend of Baht 9.69 per share and returned the registered capital to shareholders. The Company received a dividend of Baht 3.78 million and cash from registered capital of Baht 2.73 million. The Company incurred loss from liquidation amounting to Baht 4.20 million.

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

On 13 August 2015, CMC was registered for liquidation. CMC declared a dividend of Baht 9.77 per share and returned the registered capital to shareholders. The Company received a dividend of Baht 1.95 million and cash from registered capital of Baht 1.40 million.

During 2016, the impairment charge of Baht 120.85 million was provided for as a result of the lower of recoverable amount than carrying value.

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**12 Investments in subsidiaries, associates and interest in joint ventures (Cont'd)**

**c) Principal subsidiaries (Cont'd)**

| Subsidiaries  | Country of incorporation and place of business | Nature of business   | Nature of relationship | % Ownership interest |       |
|---|--|--|------------------------|----------------------|-------|
|   |  |  |                        | 2016                 | 2015  |
| Major Cineplex Property Co., Ltd.                               | Thailand                                       | Building space for rent  | Shareholder            | 99.99                | 99.99 |
| Major Cineplex Services Co., Ltd.                               | Thailand                                       | Utilities services   | Shareholder            | 99.99                | 99.99 |
| Ratchayothin Management Co., Ltd.                               | Thailand                                       | Utilities services   | Shareholder            | 99.99                | 99.99 |
| Ratchayothin Cinema Co., Ltd.                                   | Thailand                                       | Land and building space for rent   | Shareholder            | 99.99                | 99.99 |
| Ratchayothin Realty Co., Ltd.                                   | Thailand                                       | Building space for rent  | Shareholder            | 99.99                | 99.99 |
| Major Bowl Group Co., Ltd.                                      | Thailand                                       | Bowling, Karaoke and entertainment services  | Shareholder            | 99.99                | 99.99 |
| Major Cinead Co., Ltd.  | Thailand                                       | Advertising and advisory services  | Shareholder            | 99.93                | 99.93 |
| Bangkok Imax Theater Co., Ltd.                                  | Thailand                                       | Cinema services  | Shareholder            | 99.93                | 99.93 |
| Siam Cineplex Co., Ltd.   | Thailand                                       | Cinema services  | Shareholder            | 99.99                | 99.99 |
| EGV Entertainment Public Company Limited ("EGV")                | Thailand                                       | Cinema services, advertising services, and area for rent                             | Shareholder            | 99.98                | 99.98 |
| M Picture Entertainment Public Company Limited ("MPIC")         | Thailand                                       | Publishing, advertising and distribution of film rights                              | Shareholder            | 92.46                | 92.46 |
| Major Holding International Co., Ltd. ("MHD")                   | Thailand                                       | Holding business   | Shareholder            | 99.96                | 99.96 |
| Digital Projector Management Co., Ltd.                          | Thailand                                       | Projector rental and system management   | Shareholder            | 99.99                | 99.99 |
| Major Rewards Co., Ltd. (formerly: K Arena Co., Ltd. "K Arena") | Thailand                                       | Customer relationship management loyalty program, E-payment and coupon Kiosk         | Shareholder            | 99.99                | 99.99 |
| <b>Subsidiaries under EGV</b>                                   |  |  |                        |                      |       |
| EGV Exhibition Co., Ltd.  | Thailand                                       | Cinema services  | Indirect shareholding  | 99.96                | 99.96 |
| <b>Subsidiaries under MPIC</b>                                  |  |  |                        |                      |       |
| TV Forum Co., Ltd.  | Thailand                                       | Television media business  | Indirect shareholding  | -                    | 92.46 |
| M Picture Co., Ltd.   | Thailand                                       | Distribution of film rights for cinema services, VCD/DVD production and TV broadcast | Indirect shareholding  | 92.46                | 92.46 |
| M.V.D. Co., Ltd. ("MVD")  | Thailand                                       | Distribution of VCD/DVD, Blu-ray and film rights                                     | Indirect shareholding  | 92.46                | 92.46 |
| M Thirtynine Co., Ltd.  | Thailand                                       | Film production  | Indirect shareholding  | 92.46                | 92.46 |
| Talent One Co., Ltd.  | Thailand                                       | Film production  | Indirect shareholding  | 83.22                | 83.22 |
| Metacognition Co., Ltd  | Thailand                                       | Advertising agency businesses  | Indirect shareholding  | 55.48                | -     |

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

c) Principal subsidiaries (Cont'd)

| Subsidiaries  | Country of incorporation and place of business | Nature of business              | Nature of relationship | % Ownership interest |       |
|---|--|---------------------------------|------------------------|----------------------|-------|
|   |  |                                 |                        | 2016                 | 2015  |
| <b>Subsidiary under MVD</b>                                     |  |                                 |                        |                      |       |
| Pacific Media Sale Co., Ltd.                                    | Thailand                                       | Distribution of CD, VCD and DVD | Indirect shareholding  | 91.91                | 91.91 |
| <b>Subsidiaries under MHD</b>                                   |  |                                 |                        |                      |       |
| Major Platinum Cineplex (Cambodia) Co., Ltd. ("Major Platinum") | Cambodia                                       | Cinema and bowling services     | Indirect shareholding  | 69.97                | 69.97 |
| Major Platinum Cineplex (Lao) Co., Ltd. ("Major Platinum Lao")  | Lao People's Democratic Republic               | Cinema services                 | Indirect shareholding  | 59.98                | -     |
| Cineplex (Lao) Co., Ltd. ("CNP")                                | Lao People's Democratic Republic               | Cinema services                 | Indirect shareholding  | 99.99                | -     |

The comprehensive income for the year for non-controlling interest is Baht 18.78 million, of which Baht 2.33 million is for MPIC.

**Summarised financial information on subsidiaries with material non-controlling interests**

Set out below are the summarised financial information for each subsidiary with non-controlling interests are material to the Group, being MPIC.

**Summarised statement of financial position**

|                                     | Unit: Baht         |                    |
|-------------------------------------|--------------------|--------------------|
|                                     | MPIC               |                    |
|                                     | 2016               | 2015               |
| Current                             |                    |                    |
| Assets                              | 690,814,954        | 663,487,893        |
| Liabilities                         | 261,541,462        | 179,531,013        |
| <b>Total current net assets</b>     | <b>429,273,492</b> | <b>483,956,880</b> |
| Non-current                         |                    |                    |
| Assets                              | 268,521,436        | 296,818,246        |
| Liabilities                         | 5,052,113          | 4,142,774          |
| <b>Total non-current net assets</b> | <b>263,469,323</b> | <b>292,675,472</b> |
| <b>Net assets</b>                   | <b>692,742,815</b> | <b>776,632,352</b> |

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

c) Principal subsidiaries (Cont'd)

Summarised statement of comprehensive income

|   | Unit: Baht   |               |
|---|--------------|---------------|
|   | MPIC         |               |
|   | 2016         | 2015          |
| Revenue   | 491,721,587  | 541,427,647   |
| Loss before income tax  | (80,065,527) | (96,468,259)  |
| Income tax expense  | (5,246,022)  | (6,589,801)   |
| Post-tax loss from continuing operations                        | (85,311,549) | (103,058,060) |
| Other comprehensive (loss) income                               | (44,747)     | 469,011       |
| Total comprehensive loss  | (85,356,296) | (102,589,049) |
| Total comprehensive loss allocated to non-controlling interests | (2,327,121)  | (7,508,995)   |

Summarised statement of cash flows

|  | Unit: Baht    |               |
|--|---------------|---------------|
|  | MPIC          |               |
|  | 2016          | 2015          |
| <b>Cash flow from operating activities</b>       |               |               |
| Cash generated from operations                   | 132,871,834   | 262,057,804   |
| Interest received                                | 518,961       | 5,474,168     |
| Interest paid                                    | (2,623,537)   | (566,503)     |
| Income tax received                              | 29,133,639    | 16,442,407    |
| Income tax paid                                  | (16,056,453)  | (15,340,247)  |
| Net cash generated from operating activities     | 143,844,444   | 268,067,629   |
| Net cash used in investing activities            | (197,571,419) | (221,083,262) |
| Net cash from (used in) financing activities     | 97,234,433    | (40,234,832)  |
| <b>Net increase in cash and cash equivalents</b> | 43,507,458    | 6,749,535     |
| Cash and cash equivalents at beginning of year   | 89,719,895    | 82,970,360    |
| Cash and cash equivalents at end of year         | 133,227,353   | 89,719,895    |

The information above is the amount before inter-company eliminations.

**Major Cineplex Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2016**

**13 Property, plant and equipment**

|  |  | Consolidated financial statements |                                   |                               |                    |                              |                    |                  | Unit: Baht               |                      |
|--|--|-----------------------------------|-----------------------------------|-------------------------------|--------------------|------------------------------|--------------------|------------------|--------------------------|----------------------|
|  |  | Land                              | Building and building improvement | Cinema and cinema improvement | Utility system     | Tool, equipment and fixtures | Office equipment   | Vehicle          | Construction in progress | Total                |
| <b>As at 1 January 2015</b>                |  |                                   |                                   |                               |                    |                              |                    |                  |                          |                      |
| Cost                                       |  | 208,316,998                       | 1,847,134,305                     | 3,595,902,957                 | 1,340,630,689      | 5,644,015,956                | 400,325,707        | 21,202,540       | 160,665,803              | 13,218,194,955       |
| <u>Less</u> Accumulated depreciation       |  | -                                 | (783,543,554)                     | (1,754,002,818)               | (646,759,129)      | (2,940,436,625)              | (269,675,242)      | (15,017,401)     | -                        | (6,409,434,769)      |
| Allowance for impairment                   |  | -                                 | -                                 | -                             | -                  | (77,599,048)                 | (669,714)          | -                | -                        | (78,268,762)         |
| Net book value                             |  | <u>208,316,998</u>                | <u>1,063,590,751</u>              | <u>1,841,900,139</u>          | <u>693,871,560</u> | <u>2,625,980,283</u>         | <u>129,980,751</u> | <u>6,185,139</u> | <u>160,665,803</u>       | <u>6,730,491,424</u> |
| <b>For the year ended 31 December 2015</b> |  |                                   |                                   |                               |                    |                              |                    |                  |                          |                      |
| Opening net book value                     |  | 208,316,998                       | 1,063,590,751                     | 1,841,900,139                 | 693,871,560        | 2,625,980,283                | 129,980,751        | 6,185,139        | 160,665,803              | 6,730,491,424        |
| Exchange differences                       |  | -                                 | -                                 | 4,468,967                     | -                  | 1,110,046                    | 164,771            | -                | -                        | 5,743,784            |
| Acquisition of subsidiary                  |  | -                                 | -                                 | -                             | -                  | 7,500,230                    | 17,988             | -                | -                        | 7,518,218            |
| Additions                                  |  | -                                 | 605,835                           | 235,719,740                   | 124,524,149        | 441,218,680                  | 38,447,962         | 3,390,000        | 653,554,338              | 1,497,460,704        |
| Transfer                                   |  | -                                 | (1,492)                           | 232,931,600                   | 53,566,097         | 400,938,023                  | 57,310,171         | -                | (744,744,399)            | -                    |
| Disposals, net                             |  | -                                 | (2)                               | (556,778)                     | (4)                | (4,874,466)                  | (155,289)          | (174,425)        | -                        | (5,760,964)          |
| Write-off, net                             |  | -                                 | (100,228)                         | (453,863)                     | (2,759,016)        | (9,874,075)                  | -                  | -                | -                        | (13,187,182)         |
| Depreciation charge                        |  | -                                 | (93,082,601)                      | (192,531,446)                 | (75,034,130)       | (410,293,479)                | (84,630,916)       | (2,767,253)      | -                        | (858,339,825)        |
| Impairment charge (reversal), net          |  | -                                 | -                                 | -                             | (2,873,459)        | (3,226,503)                  | 87,578             | -                | -                        | (6,012,384)          |
| Closing net book value                     |  | <u>208,316,998</u>                | <u>971,012,263</u>                | <u>2,121,478,359</u>          | <u>791,295,197</u> | <u>3,048,478,739</u>         | <u>141,223,016</u> | <u>6,633,461</u> | <u>69,475,742</u>        | <u>7,357,913,775</u> |
| <b>As at 31 December 2015</b>              |  |                                   |                                   |                               |                    |                              |                    |                  |                          |                      |
| Cost                                       |  | 208,316,998                       | 1,847,430,085                     | 4,054,889,377                 | 1,506,025,331      | 6,369,745,115                | 482,962,085        | 22,465,758       | 69,475,742               | 14,561,310,491       |
| <u>Less</u> Accumulated depreciation       |  | -                                 | (876,417,822)                     | (1,933,411,018)               | (711,856,675)      | (3,240,152,717)              | (341,445,040)      | (15,832,297)     | -                        | (7,119,115,569)      |
| Allowance for impairment                   |  | -                                 | -                                 | -                             | (2,873,459)        | (81,113,659)                 | (294,029)          | -                | -                        | (84,281,147)         |
| Net book value                             |  | <u>208,316,998</u>                | <u>971,012,263</u>                | <u>2,121,478,359</u>          | <u>791,295,197</u> | <u>3,048,478,739</u>         | <u>141,223,016</u> | <u>6,633,461</u> | <u>69,475,742</u>        | <u>7,357,913,775</u> |

**Major Cineplex Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2016**

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

|  | Consolidated financial statements |                                   |                               |                    |                              |                    |                  |                          | Unit: Baht           |
|--|-----------------------------------|-----------------------------------|-------------------------------|--------------------|------------------------------|--------------------|------------------|--------------------------|----------------------|
|  | Land                              | Building and building improvement | Cinema and cinema improvement | Utility system     | Tool, equipment and fixtures | Office equipment   | Vehicle          | Construction in progress | Total                |
| <b>For the year ended 31 December 2016</b> |                                   |                                   |                               |                    |                              |                    |                  |                          |                      |
| Opening net book value                     | 208,316,998                       | 971,012,263                       | 2,121,478,359                 | 791,295,197        | 3,048,478,739                | 141,223,016        | 6,633,461        | 69,475,742               | 7,357,913,775        |
| Exchange differences                       | -                                 | -                                 | (1,098,952)                   | (194,001)          | (205,589)                    | (116,717)          | (153)            | -                        | (1,615,412)          |
| Acquisition of subsidiary (Note 35)        | -                                 | -                                 | 60,296,598                    | 19,418,486         | 409,807                      | 669,747            | -                | -                        | 80,794,638           |
| Additions                                  | -                                 | 3,607,486                         | 173,710,452                   | 107,117,163        | 351,063,024                  | 71,224,886         | 5,122,941        | 512,684,476              | 1,224,530,428        |
| Transfer                                   | -                                 | 2,967,650                         | 165,577,877                   | 34,920,673         | 223,335,615                  | 35,945,715         | -                | (462,747,530)            | -                    |
| Disposals, net                             | -                                 | (43,676)                          | (1,225,144)                   | (61,150)           | (10,711,998)                 | (361,903)          | -                | -                        | (12,403,871)         |
| Write-off, net                             | -                                 | (1,261,366)                       | (13,652,375)                  | (3,497,444)        | (25,886,737)                 | (64,786)           | -                | -                        | (44,362,708)         |
| Depreciation charge                        | -                                 | (93,844,586)                      | (232,530,620)                 | (91,000,864)       | (472,224,275)                | (90,192,980)       | (3,036,684)      | -                        | (982,830,009)        |
| Reclassification                           | -                                 | -                                 | -                             | -                  | 109,999                      | (109,999)          | -                | -                        | -                    |
| Impairment charge, net                     | -                                 | -                                 | -                             | (3,584,237)        | (27,228,844)                 | (8,326)            | -                | -                        | (30,821,407)         |
| Closing net book value                     | <u>208,316,998</u>                | <u>882,437,771</u>                | <u>2,272,556,195</u>          | <u>854,413,823</u> | <u>3,087,139,741</u>         | <u>158,208,653</u> | <u>8,719,565</u> | <u>119,412,688</u>       | <u>7,591,205,434</u> |
| <b>As at 31 December 2016</b>              |                                   |                                   |                               |                    |                              |                    |                  |                          |                      |
| Cost                                       | 208,316,998                       | 1,850,508,383                     | 4,424,587,129                 | 1,655,412,716      | 6,808,350,463                | 578,053,408        | 27,588,700       | 119,412,688              | 15,672,230,485       |
| Less Accumulated depreciation              | -                                 | (968,070,612)                     | (2,152,030,934)               | (798,307,783)      | (3,621,752,928)              | (419,542,776)      | (18,869,135)     | -                        | (7,978,574,168)      |
| Allowance for impairment                   | -                                 | -                                 | -                             | (2,691,110)        | (99,457,794)                 | (301,979)          | -                | -                        | (102,450,883)        |
| Net book value                             | <u>208,316,998</u>                | <u>882,437,771</u>                | <u>2,272,556,195</u>          | <u>854,413,823</u> | <u>3,087,139,741</u>         | <u>158,208,653</u> | <u>8,719,565</u> | <u>119,412,688</u>       | <u>7,591,205,434</u> |

**Major Cineplex Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2016**

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

|  | Separate financial statements |   |                    |                              |                    |                  | Unit: Baht               |                      |
|--|-------------------------------|---|--------------------|------------------------------|--------------------|------------------|--------------------------|----------------------|
|  | Land                          | Building, cinema and cinema improvement | Utility system     | Tool, equipment and fixtures | Office equipment   | Vehicle          | Construction in progress | Total                |
| <b>As at 1 January 2015</b>                |                               |   |                    |                              |                    |                  |                          |                      |
| Cost                                       | 173,406,998                   | 2,516,958,000                           | 568,118,379        | 2,418,048,739                | 254,285,762        | 13,054,629       | 123,677,179              | 6,067,549,686        |
| <u>Less</u> Accumulated depreciation       | -                             | (1,073,281,171)                         | (176,242,941)      | (1,071,595,837)              | (155,485,837)      | (8,214,692)      | -                        | (2,484,820,478)      |
| Allowance for impairment                   | -                             | -                                       | -                  | (70,207,427)                 | -                  | -                | -                        | (70,207,427)         |
| Net book value                             | <u>173,406,998</u>            | <u>1,443,676,829</u>                    | <u>391,875,438</u> | <u>1,276,245,475</u>         | <u>98,799,925</u>  | <u>4,839,937</u> | <u>123,677,179</u>       | <u>3,512,521,781</u> |
| <b>For the year ended 31 December 2015</b> |                               |   |                    |                              |                    |                  |                          |                      |
| Opening net book value                     | 173,406,998                   | 1,443,676,829                           | 391,875,438        | 1,276,245,475                | 98,799,925         | 4,839,937        | 123,677,179              | 3,512,521,781        |
| Additions                                  | -                             | 172,155,536                             | 91,788,404         | 311,671,897                  | 22,881,708         | -                | 539,298,566              | 1,137,796,111        |
| Transfer                                   | -                             | 198,016,889                             | 46,344,847         | 329,142,853                  | 45,902,817         | -                | (619,407,406)            | -                    |
| Disposals, net                             | -                             | (548,593)                               | (2)                | (941,982)                    | (106,801)          | (1)              | -                        | (1,597,379)          |
| Write-off, net                             | -                             | (453,863)                               | -                  | (14)                         | -                  | -                | -                        | (453,877)            |
| Depreciation charge                        | -                             | (151,866,924)                           | (41,536,399)       | (195,795,664)                | (63,573,297)       | (1,566,359)      | -                        | (454,338,643)        |
| Closing net book value                     | <u>173,406,998</u>            | <u>1,660,979,874</u>                    | <u>488,472,288</u> | <u>1,720,322,565</u>         | <u>103,904,352</u> | <u>3,273,577</u> | <u>43,568,339</u>        | <u>4,193,927,993</u> |
| <b>As at 31 December 2015</b>              |                               |   |                    |                              |                    |                  |                          |                      |
| Cost                                       | 173,406,998                   | 2,872,300,116                           | 705,919,931        | 3,022,224,655                | 314,568,353        | 12,642,629       | 43,568,339               | 7,144,631,021        |
| <u>Less</u> Accumulated depreciation       | -                             | (1,211,320,242)                         | (217,447,643)      | (1,231,694,663)              | (210,664,001)      | (9,369,052)      | -                        | (2,880,495,601)      |
| Allowance for impairment                   | -                             | -                                       | -                  | (70,207,427)                 | -                  | -                | -                        | (70,207,427)         |
| Net book value                             | <u>173,406,998</u>            | <u>1,660,979,874</u>                    | <u>488,472,288</u> | <u>1,720,322,565</u>         | <u>103,904,352</u> | <u>3,273,577</u> | <u>43,568,339</u>        | <u>4,193,927,993</u> |

**Major Cineplex Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2016**

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

|  | Separate financial statements |  |                    |                                    |                     |                  | Unit: Baht                  |                      |
|--|-------------------------------|--|--------------------|------------------------------------|---------------------|------------------|-----------------------------|----------------------|
|  | Land                          | Building,<br>cinema and<br>cinema<br>Improvement | Utility system     | Tool,<br>equipment<br>and fixtures | Office<br>equipment | Vehicle          | Construction<br>in progress | Total                |
| <b>For the year ended 31 December 2016</b> |                               |  |                    |                                    |                     |                  |                             |                      |
| Opening net book value                     | 173,406,998                   | 1,660,979,874                                    | 488,472,288        | 1,720,322,565                      | 103,904,352         | 3,273,577        | 43,568,339                  | 4,193,927,993        |
| Additions                                  | -                             | 100,142,339                                      | 84,027,409         | 247,164,500                        | 31,355,829          | 5,018,650        | 403,533,821                 | 871,242,548          |
| Transfer                                   | -                             | 140,861,802                                      | 29,393,136         | 178,493,097                        | 32,997,856          | -                | (381,745,891)               | -                    |
| Disposals, net                             | -                             | (983,441)  | (6,548)            | (2,805,358)                        | (358,292)           | -                | -                           | (4,153,639)          |
| Write-off, net                             | -                             | (14,310,693)                                     | (2,975,219)        | (22,796,102)                       | (65,034)            | -                | -                           | (40,147,048)         |
| Depreciation charge                        | -                             | (175,792,319)                                    | (52,225,808)       | (251,798,492)                      | (67,690,524)        | (1,823,878)      | -                           | (549,331,021)        |
| Closing net book value                     | <u>173,406,998</u>            | <u>1,710,897,562</u>                             | <u>546,685,258</u> | <u>1,868,580,210</u>               | <u>100,144,187</u>  | <u>6,468,349</u> | <u>65,356,269</u>           | <u>4,471,538,833</u> |
| <b>As at 31 December 2016</b>              |                               |  |                    |                                    |                     |                  |                             |                      |
| Cost                                       | 173,406,998                   | 3,082,563,240                                    | 815,656,938        | 3,378,908,142                      | 373,363,123         | 17,661,279       | 65,356,269                  | 7,906,915,989        |
| <u>Less</u> Accumulated depreciation       | -                             | (1,371,665,678)                                  | (268,971,680)      | (1,444,357,651)                    | (273,218,936)       | (11,192,930)     | -                           | (3,369,406,875)      |
| Allowance for impairment                   | -                             | -  | -                  | (65,970,281)                       | -                   | -                | -                           | (65,970,281)         |
| Net book value                             | <u>173,406,998</u>            | <u>1,710,897,562</u>                             | <u>546,685,258</u> | <u>1,868,580,210</u>               | <u>100,144,187</u>  | <u>6,468,349</u> | <u>65,356,269</u>           | <u>4,471,538,833</u> |

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

**Classification of depreciation**

|                             | <b>Unit: Million Baht</b>                |               |                                      |               |
|-----------------------------|--|---------------|--------------------------------------|---------------|
|                             | <b>Consolidated financial statements</b> |               | <b>Separate financial statements</b> |               |
|                             | <b>2016</b>                              | <b>2015</b>   | <b>2016</b>                          | <b>2015</b>   |
| Costs of providing services | 727.01                                   | 632.99        | 374.53                               | 309.20        |
| Administrative expense      | 255.82                                   | 225.35        | 174.80                               | 145.14        |
| <b>Total depreciation</b>   | <b>982.83</b>                            | <b>858.34</b> | <b>549.33</b>                        | <b>454.34</b> |

During 2016, the subsidiary has sold utilities equipment and leased certain property and buildings to Major Cineplex Lifestyle Property Fund for the lease period of 20 years 6 months, with the lease of one particular building can be extended for another 30 years. The net book value of the disposed assets is Baht 0.04 million. The subsidiary has received cash amounting to Baht 16.40 million including deferred rental and deposits of Baht 3.50 million. As a result of disposal, The Group recognized gain of Baht 8.62 million (after elimination of inter-company deferred profit of Baht 4.24 million, Note 12 (a))

As at 31 December 2016, the land and buildings with the net book value of 37.03 million (2015: Baht 37.84 million) have been pledged under the land and building long-term lease agreement. According to the agreement, the Group is unable to sell, lease or use these assets as collateral to other parties. In addition, properties with the net book value of Baht 62.29 million are pledged as collateral for bank borrowings facility (Note 20).

During 2016, an impairment charge of Baht 30.82 million for utility system, tool, equipment and fixture and office equipment was provided as a result of the lower of recoverable amount than carrying value. The recoverable amount was determined at the cash-generating unit level being the branch locations. The recoverable amount represents value in use of assets.

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

|                                      | <b>Unit: Baht</b>                        |                      |                                      |                    |
|--------------------------------------|--|----------------------|--------------------------------------|--------------------|
|                                      | <b>Consolidated financial statements</b> |                      | <b>Separate financial statements</b> |                    |
|                                      | <b>2016</b>                              | <b>2015</b>          | <b>2016</b>                          | <b>2015</b>        |
| Cost - capitalised finance leases    | 605,589,382                              | 605,589,382          | 19,231,683                           | 19,231,683         |
| <u>Less</u> Accumulated depreciation | <u>(403,173,227)</u>                     | <u>(324,186,780)</u> | <u>(5,502,526)</u>                   | <u>(4,860,127)</u> |
| <b>Net book amount</b>               | <b>202,416,155</b>                       | <b>281,402,602</b>   | <b>13,729,157</b>                    | <b>14,371,556</b>  |

14 Goodwill

|  | Unit: Baht                               |                     |
|--|--|---------------------|
|  | <u>Consolidated financial statements</u> |                     |
|  | <u>2016</u>                              | <u>2015</u>         |
| <b>As at 1 January</b>                 |  |                     |
| Cost                                   | 337,065,399                              | 342,112,936         |
| <u>Less</u> Allowance for impairment   | <u>(98,736,589)</u>                      | <u>(58,752,212)</u> |
| Net book value                         | <u>238,328,810</u>                       | <u>283,360,724</u>  |
| <b>For the years ended 31 December</b> |  |                     |
| Opening net book value                 | 238,328,810                              | 283,360,724         |
| Impairment charge (Note 29)            | <u>(32,948,094)</u>                      | <u>(45,031,914)</u> |
| Closing net book value                 | <u>205,380,716</u>                       | <u>238,328,810</u>  |
| <b>As at 31 December</b>               |  |                     |
| Cost                                   | 337,065,399                              | 337,065,399         |
| <u>Less</u> Allowance for impairment   | <u>(131,684,683)</u>                     | <u>(98,736,589)</u> |
| Net book value                         | <u>205,380,716</u>                       | <u>238,328,810</u>  |

The carrying amount of the goodwill has been reduced to reflect the recoverable amount of the cash - generating units. The impairment loss has been included in income statement.

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14 Goodwill (Cont'd)

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment. A segment-level summary of the goodwill allocation is presented below.

|  | Consolidated financial statements |                      |                             |                              |                        | Unit : Baht   |
|--|-----------------------------------|----------------------|-----------------------------|------------------------------|------------------------|---------------|
|  | Cinema business                   | Advertising business | Bowing and Karaoke business | Rental and services business | Movie content business | Total         |
| <b>Goodwill allocation</b>                 |                                   |                      |                             |                              |                        |               |
| <b>For the year ended 31 December 2015</b> |                                   |                      |                             |                              |                        |               |
| Cost                                       | 20,159,523                        | -                    | 1,327,239                   | 52,746,610                   | 262,832,027            | 337,065,399   |
| Less Allowance for impairment              | -                                 | -                    | (1,327,239)                 | -                            | (97,409,350)           | (98,736,589)  |
| Net book value                             | 20,159,523                        | -                    | -                           | 52,746,610                   | 165,422,677            | 238,328,810   |
| <b>For the year ended 31 December 2016</b> |                                   |                      |                             |                              |                        |               |
| Cost                                       | 20,159,523                        | -                    | 1,327,239                   | 52,746,610                   | 262,832,027            | 337,065,399   |
| Less Allowance for impairment              | (2,991,576)                       | -                    | (1,327,239)                 | (29,956,518)                 | (97,409,350)           | (131,684,683) |
| Net book value                             | 17,167,947                        | -                    | -                           | 22,790,092                   | 165,422,677            | 205,380,716   |

**14 Goodwill (Cont'd)**

For the purposes of assessing impairment, assets are grouped at the lowest level of each identifiable cash flows (cash-generating unit). For goodwill of movie content segment which is significant to financial statements, the Group has engaged an independent certified financial advisor to assess the recoverable amount by considering from value in use calculation. The recoverable amount assessment is based on a ten-year pre-tax cash flow projection referring to an approved financial and business plan by management.

Key assumptions used in the recoverable amount assessment include:

|   | <b>Cinema<br/>business</b> | <b>Rental and<br/>services<br/>business</b> | <b>Movie content<br/>business</b> |
|---|----------------------------|---|-----------------------------------|
| Gross margin <sup>1</sup> (%)                   | 28.93%                     | 22.19%                                      | 42.64%                            |
| Growth rate <sup>2</sup> (%)                    | 1.28%                      | 5.00%                                       | 1.28%                             |
| Discount rate <sup>3</sup> (%)                  | 8.20%                      | 9.50%                                       | 6.00%                             |
| Recoverable amount of the CGU<br>(million baht) | 4,166                      | 1,576                                       | 722                               |

<sup>1</sup> Budgeted gross margin.

<sup>2</sup> Weighted average growth rate used to extrapolate cash flows beyond the budget period.

<sup>3</sup> Pre-tax discount rate applied to the cash flow projections.

These assumptions have been used for the analysis of each CGU within the business segment.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

During the year 2016, the Group recognised impairment loss on goodwill of a subsidiary which was primarily due to the significant decrease in projected revenue arising from external factors as well as market situation and trend.

**Major Cineplex Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2016**

**15 Intangible assets**

|  | <b>Consolidated financial statements</b> |                         |                    | <b>Unit: Baht</b>                    |
|--|--|-------------------------|--------------------|--------------------------------------|
|  | <b>Consolidated financial statements</b> |                         |                    | <b>Separate financial statements</b> |
|  | <b>Film rights</b>                       | <b>Computer program</b> | <b>Total</b>       | <b>Computer program</b>              |
| <b>As at 1 January 2015</b>                |  |                         |                    |                                      |
| Cost                                       | 3,931,343,845                            | 122,882,434             | 4,054,226,279      | 104,317,804                          |
| <u>Less</u> Accumulated amortisation       | (3,680,927,154)                          | (65,809,916)            | (3,746,737,070)    | (58,073,304)                         |
| Allowance for impairment                   | (97,072,837)                             | (1,316,009)             | (98,388,846)       | -                                    |
| Net book value                             | <u>153,343,854</u>                       | <u>55,756,509</u>       | <u>209,100,363</u> | <u>46,244,500</u>                    |
| <b>For the year ended 31 December 2015</b> |  |                         |                    |                                      |
| Opening net book value                     | 153,343,854                              | 55,756,509              | 209,100,363        | 46,244,500                           |
| Exchange differences                       | -  | 316,602                 | 316,602            | -                                    |
| Additions                                  | 213,891,242                              | 24,362,557              | 238,253,799        | 21,789,173                           |
| Write-off assets, net                      | (3,665,200)                              | -                       | (3,665,200)        | -                                    |
| Amortisation                               | (308,411,781)                            | (20,410,473)            | (328,822,254)      | (18,262,565)                         |
| Impairment charge                          | 16,767,305                               | -                       | 16,767,305         | -                                    |
| Closing net book value                     | <u>71,925,420</u>                        | <u>60,025,195</u>       | <u>131,950,615</u> | <u>49,771,108</u>                    |
| <b>As at 31 December 2015</b>              |  |                         |                    |                                      |
| Cost                                       | 4,141,569,887                            | 147,599,765             | 4,289,169,652      | 126,106,977                          |
| <u>Less</u> Accumulated amortisation       | (3,989,338,936)                          | (86,258,561)            | (4,075,597,497)    | (76,335,869)                         |
| Allowance for impairment                   | (80,305,531)                             | (1,316,009)             | (81,621,540)       | -                                    |
| Net book value                             | <u>71,925,420</u>                        | <u>60,025,195</u>       | <u>131,950,615</u> | <u>49,771,108</u>                    |
| <b>For the year ended 31 December 2016</b> |  |                         |                    |                                      |
| Opening net book value                     | 71,925,420                               | 60,025,195              | 131,950,615        | 49,771,108                           |
| Exchange differences                       | -  | 25,492                  | 25,492             | -                                    |
| Acquisition of subsidiary (Note35)         | -  | 612,211                 | 612,211            | -                                    |
| Additions                                  | 170,964,246                              | 25,837,708              | 196,801,954        | 22,589,340                           |
| Disposals, net                             | -  | (6,652)                 | (6,652)            | (2,857,220)                          |
| Write-off assets, net                      | (695,433)                                | (644,782)               | (1,340,215)        | (1,385)                              |
| Amortisation                               | (158,588,334)                            | (30,677,823)            | (189,266,157)      | (24,570,331)                         |
| Impairment charge                          | (17,986,500)                             | -                       | (17,986,500)       | -                                    |
| Closing net book value                     | <u>65,619,399</u>                        | <u>55,171,349</u>       | <u>120,790,748</u> | <u>44,931,512</u>                    |
| <b>At 31 December 2016</b>                 |  |                         |                    |                                      |
| Cost                                       | 1,493,693,189                            | 168,193,581             | 1,661,886,770      | 140,360,692                          |
| <u>Less</u> Accumulated amortisation       | (1,380,121,236)                          | (111,875,988)           | (1,491,997,224)    | (95,429,180)                         |
| Allowance for impairment                   | (47,952,554)                             | (1,146,244)             | (49,098,798)       | -                                    |
| Net book value                             | <u>65,619,399</u>                        | <u>55,171,349</u>       | <u>120,790,748</u> | <u>44,931,512</u>                    |

|                                | <b>Unit: Million Baht</b>                |               |                                      |              |
|--------------------------------|--|---------------|--------------------------------------|--------------|
|                                | <b>Consolidated financial statements</b> |               | <b>Separate financial statements</b> |              |
|                                | <b>2016</b>                              | <b>2015</b>   | <b>2016</b>                          | <b>2015</b>  |
| Classification of amortisation |  |               |                                      |              |
| Cost of sales                  | 158.66                                   | 308.41        | -                                    | -            |
| Administrative expenses        | 30.68                                    | 20.41         | 24.57                                | 18.26        |
| Total amortisation             | <u>189.34</u>                            | <u>328.82</u> | <u>24.57</u>                         | <u>18.26</u> |

**16 Deferred income tax assets and liabilities**

The analysis of deferred tax assets and deferred tax liabilities are as follows:

|  | Unit: Baht                        |                      |                               |                      |
|--|-----------------------------------|----------------------|-------------------------------|----------------------|
|  | Consolidated financial statements |                      | Separate financial statements |                      |
|  | 2016                              | 2015                 | 2016                          | 2015                 |
| <b>Deferred tax assets:</b>                                    |                                   |                      |                               |                      |
| Deferred tax asset to be recovered within 12 months            | 26,320,233                        | 24,738,074           | 3,287,767                     | 2,827,384            |
| Deferred tax asset to be recovered after more than 12 months   | 106,594,234                       | 97,549,249           | 61,882,887                    | 31,411,070           |
|  | <u>132,914,467</u>                | <u>122,287,323</u>   | <u>65,170,654</u>             | <u>34,238,454</u>    |
| <b>Deferred tax liabilities:</b>                               |                                   |                      |                               |                      |
| Deferred tax liabilities to be settled within 12 months        | (31,238,268)                      | (34,610,322)         | (697,590)                     | (2,092,307)          |
| Deferred tax liability to be settled after more than 12 months | (370,111,049)                     | (409,756,171)        | (94,162,526)                  | (119,074,008)        |
|  | <u>(401,349,317)</u>              | <u>(444,366,493)</u> | <u>(94,860,116)</u>           | <u>(121,166,315)</u> |
| <b>Deferred tax, net</b>                                       | <u>(268,434,850)</u>              | <u>(322,079,170)</u> | <u>(29,689,462)</u>           | <u>(86,927,861)</u>  |

The gross movement in the deferred income tax account is as follows:

|                                      | Unit: Baht                        |                      |                               |                     |
|--------------------------------------|-----------------------------------|----------------------|-------------------------------|---------------------|
|                                      | Consolidated financial statements |                      | Separate financial statements |                     |
|                                      | 2016                              | 2015                 | 2016                          | 2015                |
| As at 1 January                      | (322,079,170)                     | (308,704,568)        | (86,927,861)                  | (82,187,224)        |
| Debited (Credited) to profit or loss | 29,052,995                        | (10,623,374)         | 32,647,074                    | (1,584,069)         |
| Tax charged directly to equity       | 24,591,325                        | (2,751,228)          | 24,591,325                    | (3,156,568)         |
| As at 31 December                    | <u>(268,434,850)</u>              | <u>(322,079,170)</u> | <u>(29,689,462)</u>           | <u>(86,927,861)</u> |

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**16 Deferred income taxes (Cont'd)**

The movement in deferred tax assets and liabilities during the year is as follows:

|  | <b>Consolidated financial statements</b> |   |   | <b>Unit: Baht</b>                     |
|--|--|---|---|---------------------------------------|
|  | <b>As at<br/>1 January<br/>2015</b>      | <b>(Charged)<br/>credited to<br/>profit or loss</b> | <b>Charged<br/>directly to<br/>equity</b> | <b>As at<br/>31 December<br/>2015</b> |
| <b>Deferred tax assets</b>                     |  |   |   |                                       |
| Impairment loss of investment                  | 600,000                                  | 3,700,000   | -   | 4,300,000                             |
| Amortisation of film right                     | 18,995,739                               | (9,467,207)   | -   | 9,528,532                             |
| Depreciation                                   | 516,825                                  | 1,180,988   | -   | 1,697,813                             |
| Impairment loss of assets                      | 15,514,953                               | (8,435,307)   | -   | 7,079,646                             |
| Fixed assets under                             |  |   |   |                                       |
| finance lease contracts                        | 28,737,065                               | (4,840,399)   | -   | 23,896,666                            |
| Prepaid rents                                  | 373,204                                  | (24,567)  | -   | 348,637                               |
| Finance lease liabilities                      | 64,402,138                               | (13,876,764)  | -   | 50,525,374                            |
| Employee benefit                               | 4,839,651                                | 542,081   | 1,486,205                                 | 6,867,937                             |
| Provision for customers loyalty program        | 3,953,727                                | (1,508,349)   | -   | 2,445,378                             |
| Subsidy for construction received              | 12,990,091                               | 2,607,249   | -   | 15,597,340                            |
| <b>Total</b>                                   | <b>150,923,393</b>                       | <b>(30,122,275)</b>                                 | <b>1,486,205</b>                          | <b>122,287,323</b>                    |
| <b>Deferred tax liabilities</b>                |  |   |   |                                       |
| Available-for-sale investment                  | (101,212,615)                            | -   | (4,237,433)                               | (105,450,048)                         |
| Investment in associates and<br>joint ventures | (32,783,179)                             | (12,159,194)  | -   | (44,942,373)                          |
| Amortisation                                   | (1,315,149)                              | (81,501)  | -   | (1,396,650)                           |
| Finance lease receivables                      | (2,545,545)                              | 20,042  | -   | (2,525,503)                           |
| Depreciation                                   | (113,121,150)                            | 19,073,726  | -   | (94,047,424)                          |
| Prepaid rental and services income             | (208,650,323)                            | 12,645,828  | -   | (196,004,495)                         |
| <b>Total</b>                                   | <b>(459,627,961)</b>                     | <b>19,498,901</b>                                   | <b>(4,237,433)</b>                        | <b>(444,366,493)</b>                  |
| <b>Deferred tax, net</b>                       | <b>(308,704,568)</b>                     | <b>(10,623,374)</b>                                 | <b>(2,751,228)</b>                        | <b>(322,079,170)</b>                  |

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**16 Deferred income taxes (Cont'd)**

The movement in deferred tax assets and liabilities during the year is as follows: (Cont'd)

|  | Consolidated financial statements |  |                                  | Unit: Baht                   |
|--|-----------------------------------|--|----------------------------------|------------------------------|
|  | As at<br>1 January<br>2016        | (Charged)<br>credited to<br>profit or loss | Charged<br>directly to<br>equity | As at<br>31 December<br>2016 |
| <b>Deferred tax assets</b>                     |                                   |  |                                  |                              |
| Impairment loss of investment                  | 4,300,000                         | 24,170,920                                 | -                                | 28,470,920                   |
| Impairment-Inventory                           | -                                 | 1,800,000                                  | -                                | 1,800,000                    |
| Amortisation of film right                     | 9,528,532                         | (5,356,397)                                | -                                | 4,172,135                    |
| Depreciation                                   | 1,697,813                         | 4,324,254                                  | -                                | 6,022,067                    |
| Impairment loss of assets                      | 7,079,646                         | (1,076,900)                                | -                                | 6,002,746                    |
| Fixed assets under                             |                                   |  |                                  |                              |
| finance lease contracts                        | 23,896,666                        | (4,809,747)                                | -                                | 19,086,919                   |
| Prepaid rents                                  | 348,637                           | (23,373)                                   | -                                | 325,264                      |
| Finance lease liabilities                      | 50,525,374                        | (14,687,391)                               | -                                | 35,837,983                   |
| Employee benefit                               | 6,867,937                         | 906,499                                    | -                                | 7,774,436                    |
| Provision for customers loyalty program        | 2,445,378                         | (342,104)                                  | -                                | 2,103,274                    |
| Subsidy for construction received              | 15,597,340                        | 5,721,383                                  | -                                | 21,318,723                   |
| <b>Total</b>                                   | <b>122,287,323</b>                | <b>10,627,144</b>                          | <b>-</b>                         | <b>132,914,467</b>           |
| <b>Deferred tax liabilities</b>                |                                   |  |                                  |                              |
| Available-for-sale investment                  | (105,450,048)                     | -  | 24,591,325                       | (80,858,723)                 |
| Investment in associates and<br>joint ventures | (44,942,373)                      | (7,566,225)                                | -                                | (52,508,598)                 |
| Amortisation                                   | (1,396,650)                       | 368,387                                    | -                                | (1,028,263)                  |
| Finance lease receivables                      | (2,525,503)                       | 168,420                                    | -                                | (2,357,083)                  |
| Depreciation                                   | (94,047,424)                      | 15,445,688                                 | -                                | (78,601,736)                 |
| Prepaid rental and services income             | (196,004,495)                     | 10,009,581                                 | -                                | (185,994,914)                |
| <b>Total</b>                                   | <b>(444,366,493)</b>              | <b>18,425,851</b>                          | <b>24,591,325</b>                | <b>(401,349,317)</b>         |
| <b>Deferred tax, net</b>                       | <b>(322,079,170)</b>              | <b>29,052,995</b>                          | <b>24,591,325</b>                | <b>(268,434,850)</b>         |

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**16 Deferred income taxes (Cont'd)**

The movement in deferred tax assets and liabilities during the year is as follows: (Cont'd)

|   | Separate financial statements |  |                                  | Unit: Baht                   |
|---|-------------------------------|--|----------------------------------|------------------------------|
|   | As at<br>1 January<br>2015    | (Charged)<br>credited to<br>profit or loss | Charged<br>directly to<br>Equity | As at<br>31 December<br>2015 |
|   | <b>Deferred tax assets</b>    |  |                                  |                              |
| Impairment loss of investment           | 600,000                       | (300,000)                                  | -                                | 300,000                      |
| Depreciation                            | 513,060                       | (127,860)                                  | -                                | 385,200                      |
| Provision for impairment of assets      | 14,041,485                    | (7,743,567)                                | -                                | 6,297,918                    |
| Finance lease liabilities               | 4,164,420                     | 22,554                                     | -                                | 4,186,974                    |
| Employee benefit                        | 3,611,527                     | 333,252                                    | 1,080,865                        | 5,025,644                    |
| Provision for customers loyalty program | 3,953,727                     | (1,508,349)                                | -                                | 2,445,378                    |
| Subsidy for construction received       | 12,990,091                    | 2,607,249                                  | -                                | 15,597,340                   |
| <b>Total</b>                            | <b>39,874,310</b>             | <b>(6,716,721)</b>                         | <b>1,080,865</b>                 | <b>34,238,454</b>            |
| <b>Deferred tax liabilities</b>         |                               |  |                                  |                              |
| Available-for-sale investment           | (101,212,615)                 | -  | (4,237,433)                      | (105,450,048)                |
| Amortisation                            | (980,295)                     | (48,862)                                   | -                                | (1,029,157)                  |
| Depreciation                            | (19,868,624)                  | 5,181,514                                  | -                                | (14,687,110)                 |
| <b>Total</b>                            | <b>(122,061,534)</b>          | <b>5,132,652</b>                           | <b>(4,237,433)</b>               | <b>(121,166,315)</b>         |
| <b>Deferred tax, net</b>                | <b>(82,187,224)</b>           | <b>(1,584,069)</b>                         | <b>(3,156,568)</b>               | <b>(86,927,861)</b>          |

|   | Separate financial statements |  |                                  | Unit: Baht                   |
|---|-------------------------------|--|----------------------------------|------------------------------|
|   | As at<br>1 January<br>2016    | (Charged)<br>credited to<br>profit or loss | Charged<br>directly to<br>Equity | As at<br>31 December<br>2016 |
|   | <b>Deferred tax assets</b>    |  |                                  |                              |
| Impairment loss of investment           | 300,000                       | 24,170,920                                 | -                                | 24,470,920                   |
| Impairment-Inventory                    | -                             | 1,800,000                                  | -                                | 1,800,000                    |
| Depreciation                            | 385,200                       | (128,209)                                  | -                                | 256,991                      |
| Provision for impairment of assets      | 6,297,918                     | (902,104)                                  | -                                | 5,395,814                    |
| Finance lease liabilities               | 4,186,974                     | 28,772                                     | -                                | 4,215,746                    |
| Employee benefit                        | 5,025,644                     | 583,542                                    | -                                | 5,609,186                    |
| Provision for customers loyalty program | 2,445,378                     | (342,104)                                  | -                                | 2,103,274                    |
| Subsidy for construction received       | 15,597,340                    | 5,721,383                                  | -                                | 21,318,723                   |
| <b>Total</b>                            | <b>34,238,454</b>             | <b>30,932,200</b>                          | <b>-</b>                         | <b>65,170,654</b>            |
| <b>Deferred tax liabilities</b>         |                               |  |                                  |                              |
| Available-for-sale investment           | (105,450,048)                 | -  | 24,591,325                       | (80,858,723)                 |
| Amortisation                            | (1,029,157)                   | 459,697                                    | -                                | (569,460)                    |
| Depreciation                            | (14,687,110)                  | 1,255,177                                  | -                                | (13,431,933)                 |
| <b>Total</b>                            | <b>(121,166,315)</b>          | <b>1,714,874</b>                           | <b>24,591,325</b>                | <b>(94,860,116)</b>          |
| <b>Deferred tax, net</b>                | <b>(86,927,861)</b>           | <b>32,647,074</b>                          | <b>24,591,325</b>                | <b>(29,689,462)</b>          |

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**16 Deferred income taxes (Cont'd)**

The financial position of deferred tax assets and liabilities is as follows:

|                          | Unit: Baht                        |                      |                               |                     |
|--------------------------|-----------------------------------|----------------------|-------------------------------|---------------------|
|                          | Consolidated financial statements |                      | Separate financial statements |                     |
|                          | 2016                              | 2015                 | 2016                          | 2015                |
| Deferred tax assets      | 9,066,047                         | 14,255,518           | -                             | -                   |
| Deferred tax liabilities | (277,500,897)                     | (336,334,688)        | (29,689,462)                  | (86,927,861)        |
| Deferred tax, net        | <u>(268,434,850)</u>              | <u>(322,079,170)</u> | <u>(29,689,462)</u>           | <u>(86,927,861)</u> |

**17 Prepaid rents**

|                     | Unit: Baht                        |                    |                               |                    |
|---------------------|-----------------------------------|--------------------|-------------------------------|--------------------|
|                     | Consolidated financial statements |                    | Separate financial statements |                    |
|                     | 2016                              | 2015               | 2016                          | 2015               |
| Current portion     | 44,665,434                        | 40,777,104         | 19,978,111                    | 16,095,758         |
| Long-term portion   | 609,467,930                       | 539,850,485        | 355,558,616                   | 261,332,688        |
| Total prepaid rents | <u>654,133,364</u>                | <u>580,627,589</u> | <u>375,536,727</u>            | <u>277,428,446</u> |

As at 31 December 2016, leasehold rights of the Group with the net book value of Baht 18.00 million (2015: Baht 19.20 million) are pledged as collateral for bank borrowings (Note 20).

**18 Other non-current assets**

|          | Unit: Baht                        |                    |                               |                    |
|----------|-----------------------------------|--------------------|-------------------------------|--------------------|
|          | Consolidated financial statements |                    | Separate financial statements |                    |
|          | 2016                              | 2015               | 2016                          | 2015               |
| Deposits | 260,689,724                       | 267,701,421        | 171,861,313                   | 168,352,621        |
| Others   | 7,389,890                         | 72,751,292         | 7,389,890                     | 72,751,293         |
|          | <u>268,079,614</u>                | <u>340,452,713</u> | <u>179,251,203</u>            | <u>241,103,914</u> |

**19 Trade account and other payables**

|  | Unit: Baht                        |                      |                               |                      |
|--|-----------------------------------|----------------------|-------------------------------|----------------------|
|  | Consolidated financial statements |                      | Separate financial statements |                      |
|  | 2016                              | 2015                 | 2016                          | 2015                 |
| Trade account payables                         | 582,074,839                       | 685,703,368          | 430,509,100                   | 479,136,759          |
| Amounts due to related parties (Note 36)       | 23,211,641                        | 22,313,972           | 26,645,397                    | 27,547,944           |
| Other payables                                 | 395,678,542                       | 397,628,728          | 259,718,277                   | 282,315,342          |
| Accrued expenses                               | 410,431,776                       | 359,058,870          | 208,796,810                   | 188,355,609          |
| Rental and service incomes received in advance | 349,842,664                       | 443,192,728          | 272,144,786                   | 304,420,989          |
| Trade account and other payables               | <u>1,761,239,462</u>              | <u>1,907,897,666</u> | <u>1,197,814,370</u>          | <u>1,281,776,643</u> |

Rental and service incomes received in advance included cash advanced from customers amounting to Baht 55.20 million (2015: Baht 74.62 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.

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**20 Borrowings**

|  | Unit: Baht                        |                             |                               |                             |
|--|-----------------------------------|-----------------------------|-------------------------------|-----------------------------|
|  | Consolidated financial statements |                             | Separate financial statements |                             |
|  | 2016                              | 2015                        | 2016                          | 2015                        |
| <b>Current</b>   |                                   |                             |                               |                             |
| Bank overdrafts  | 1,929,940                         | 9,504,621                   | -                             | -                           |
| Short-term loans from financial institutions                           | 3,136,055,974                     | 2,455,477,440               | 3,031,055,974                 | 2,455,477,440               |
| Total bank overdrafts and short-term loans from financial institutions | <u>3,137,985,914</u>              | <u>2,464,982,061</u>        | <u>3,031,055,974</u>          | <u>2,455,477,440</u>        |
| Current portion of long-term borrowings:                               |                                   |                             |                               |                             |
| - Finance lease liabilities  | 85,408,236                        | 81,021,009                  | 1,632,360                     | 1,542,387                   |
| - Bank borrowings  | 252,000,000                       | 20,000,000                  | 252,000,000                   | 20,000,000                  |
| - Debentures   | <u>1,000,000,000</u>              | <u>800,000,000</u>          | <u>1,000,000,000</u>          | <u>800,000,000</u>          |
| Total current portion of long-term borrowings                          | <u>1,337,408,236</u>              | <u>901,021,009</u>          | <u>1,253,632,360</u>          | <u>821,542,387</u>          |
| <b>Non-current portion of long-term borrowings</b>                     |                                   |                             |                               |                             |
| - Finance lease liabilities  | 204,914,342                       | 287,177,012                 | 21,132,671                    | 19,403,094                  |
| - Bank borrowings  | 559,000,000                       | -                           | 559,000,000                   | -                           |
| - Debentures   | <u>-</u>                          | <u>1,000,000,000</u>        | <u>-</u>                      | <u>1,000,000,000</u>        |
| Total non-current portion of long-term borrowings                      | <u>763,914,342</u>                | <u>1,287,177,012</u>        | <u>580,132,671</u>            | <u>1,019,403,094</u>        |
| Total borrowings   | <u><u>5,239,308,492</u></u>       | <u><u>4,653,180,082</u></u> | <u><u>4,864,821,005</u></u>   | <u><u>4,296,422,921</u></u> |

The interest rates exposure on the borrowings of the Group and the Company (excluded finance leases liabilities) are as follows:

|                  | Unit: Baht                        |                      |                               |                      |
|------------------|-----------------------------------|----------------------|-------------------------------|----------------------|
|                  | Consolidated financial statements |                      | Separate financial statements |                      |
|                  | 2016                              | 2015                 | 2016                          | 2015                 |
| Borrowings:      |                                   |                      |                               |                      |
| - Fixed rates    | 4,947,055,974                     | 4,275,477,440        | 4,842,055,974                 | 4,275,477,440        |
| - Floating rates | <u>1,929,940</u>                  | <u>9,504,621</u>     | <u>-</u>                      | <u>-</u>             |
|                  | <u>4,948,985,914</u>              | <u>4,284,982,061</u> | <u>4,842,055,974</u>          | <u>4,275,477,440</u> |

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**20 Borrowings (Cont'd)**

The exposure of the Group's and the Company's borrowings to interest rate changes and the contractual repaying dates at the statement of financial position dates are as follows:

|                         | <b>Consolidated financial statements</b> |                      |                      | <b>Unit: Baht</b>    |
|-------------------------|--|----------------------|----------------------|----------------------|
|                         | <b>6 months or less</b>                  | <b>6 - 12 months</b> | <b>1 - 5 years</b>   | <b>Total</b>         |
|                         | As at 31 December 2015:                  |                      |                      |                      |
| Total borrowings        | <u>3,275,477,440</u>                     | <u>-</u>             | <u>1,000,000,000</u> | <u>4,275,477,440</u> |
| As at 31 December 2016: |  |                      |                      |                      |
| Total borrowings        | <u>3,262,055,974</u>                     | <u>1,126,000,000</u> | <u>559,000,000</u>   | <u>4,947,055,974</u> |

|                         | <b>Separate financial statements</b> |                      |                      | <b>Unit: Baht</b>    |
|-------------------------|--------------------------------------|----------------------|----------------------|----------------------|
|                         | <b>6 months or less</b>              | <b>6 - 12 months</b> | <b>1 - 5 years</b>   | <b>Total</b>         |
|                         | As at 31 December 2015:              |                      |                      |                      |
| Total borrowings        | <u>3,275,477,440</u>                 | <u>-</u>             | <u>1,000,000,000</u> | <u>4,275,477,440</u> |
| As at 31 December 2016: |                                      |                      |                      |                      |
| Total borrowings        | <u>3,157,055,974</u>                 | <u>1,126,000,000</u> | <u>559,000,000</u>   | <u>4,842,055,974</u> |

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

|                   | <b>Consolidated financial statements</b> |             | <b>Separate financial statements</b> |             |
|-------------------|--|-------------|--------------------------------------|-------------|
|                   | <b>2016</b>                              | <b>2015</b> | <b>2016</b>                          | <b>2015</b> |
| - Bank overdrafts | 7.37 - 7.68                              | 7.37 - 8.25 | 7.68 - 7.68                          | 7.37 - 8.25 |
| - Bank borrowings | 1.90 - 3.04                              | 2.05 - 4.60 | 1.90 - 3.04                          | 2.05 - 4.60 |
| - Debentures      | 4.60 - 4.60                              | 3.54 - 4.60 | 4.60 - 4.60                          | 3.54 - 4.60 |

**20 Borrowings (Cont'd)**

The carrying amounts and fair values of certain long-term borrowings are as follows:

|                           | Unit: Baht                        |                      |                      |                      |
|---------------------------|-----------------------------------|----------------------|----------------------|----------------------|
|                           | Consolidated financial statements |                      |                      |                      |
|                           | Carrying amounts                  |                      | Fair values          |                      |
|                           | 2016                              | 2015                 | 2016                 | 2015                 |
| Long-term bank borrowings | 559,000,000                       | -                    | 739,384,970          | -                    |
| Debentures                | -                                 | 1,000,000,000        | 1,013,700,000        | 1,040,484,370        |
|                           | <u>559,000,000</u>                | <u>1,000,000,000</u> | <u>1,753,084,970</u> | <u>1,040,484,370</u> |
|                           | Unit: Baht                        |                      |                      |                      |
|                           | Separate financial statements     |                      |                      |                      |
|                           | Carrying amounts                  |                      | Fair values          |                      |
|                           | 2016                              | 2015                 | 2016                 | 2015                 |
| Long-term bank borrowings | 559,000,000                       | -                    | 739,384,970          | -                    |
| Debentures                | -                                 | 1,000,000,000        | 1,013,700,000        | 1,040,484,370        |
|                           | <u>559,000,000</u>                | <u>1,000,000,000</u> | <u>1,753,084,970</u> | <u>1,040,484,370</u> |

The fair value of current borrowings equal their carrying amount, as the impact of discounting is not significant.

The fair values of debentures are based on their market price in Thai Bond Market Association as of the date of statement of financial position and are within level 2 of the fair value hierarchy.

Finance lease liabilities

Finance lease liabilities-minimum lease payments are as follows:

|  | Unit: Baht                        |                    |                               |                   |
|--|-----------------------------------|--------------------|-------------------------------|-------------------|
|  | Consolidated financial statements |                    | Separate financial statements |                   |
|  | 2016                              | 2015               | 2016                          | 2015              |
| Not later than 1 year                                | 92,442,716                        | 92,351,308         | 1,632,360                     | 1,542,387         |
| Later than 1 year but not later than 5 years         | 192,696,285                       | 283,245,401        | 7,055,135                     | 6,821,207         |
| Later than 5 years                                   | 42,151,869                        | 44,339,024         | 40,243,701                    | 42,109,989        |
|  | 327,290,870                       | 419,935,733        | 48,931,196                    | 50,473,583        |
| <u>Less</u> Future finance charges on finance leases | (36,968,292)                      | (51,737,712)       | (26,166,165)                  | (29,528,102)      |
| Present value of finance lease liabilities           | <u>290,322,578</u>                | <u>368,198,021</u> | <u>22,765,031</u>             | <u>20,945,481</u> |

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**20 Borrowings (Cont'd)**

The present value of finance lease liabilities is as follows:

|                       | Unit: Baht                        |                    |                               |                   |
|-----------------------|-----------------------------------|--------------------|-------------------------------|-------------------|
|                       | Consolidated financial statements |                    | Separate financial statements |                   |
|                       | 2016                              | 2015               | 2016                          | 2015              |
| Not later than 1 year | 85,408,236                        | 81,021,009         | 1,632,360                     | 1,542,387         |
| Later than 1 year     | 204,914,342                       | 287,177,012        | 21,132,671                    | 19,403,094        |
|                       | <u>290,322,578</u>                | <u>368,198,021</u> | <u>22,765,031</u>             | <u>20,945,481</u> |

Bank borrowings

The movements in bank borrowings from financial institution can be analysed as follows:

|  | Unit: Baht                        |                   |                               |                   |
|--|-----------------------------------|-------------------|-------------------------------|-------------------|
|  | Consolidated financial statements |                   | Separate financial statements |                   |
|  | 2016                              | 2015              | 2016                          | 2015              |
| Opening balance                            | 20,000,000                        | 60,000,000        | 20,000,000                    | 60,000,000        |
| Additions                                  | 1,000,000,000                     | -                 | 1,000,000,000                 | -                 |
| Repayments                                 | (209,000,000)                     | (40,000,000)      | (209,000,000)                 | (40,000,000)      |
| Closing balance                            | <u>811,000,000</u>                | <u>20,000,000</u> | <u>811,000,000</u>            | <u>20,000,000</u> |
| Maturity of bank borrowings is as follows: |                                   |                   |                               |                   |
| Within 1 year                              | 252,000,000                       | 20,000,000        | 252,000,000                   | 20,000,000        |
| Between 1 year and 2 years                 | 504,000,000                       | -                 | 504,000,000                   | -                 |
| Between 2 years and 5 years                | 55,000,000                        | -                 | 55,000,000                    | -                 |
|  | <u>811,000,000</u>                | <u>20,000,000</u> | <u>811,000,000</u>            | <u>20,000,000</u> |

Short-term loans from financial institutions represent bills of exchange and promissory notes denominated in Thai Baht bearing interest at the rates ranging from 1.90% to 3.04% per annum (2015: 2.05% to 4.60% per annum).

Long-term bank borrowings bear interest at the rates ranging 3.04% to 4.60% per annum (2015: 4.60% per annum) and are secured by the pledge of leasehold rights (Note 17).

Debentures

|                        | Unit: Baht                        |                               |
|------------------------|-----------------------------------|-------------------------------|
|                        | Consolidated financial statements | Separate financial statements |
| Opening amount         | 1,800,000,000                     | 1,800,000,000                 |
| Repayment of debenture | (800,000,000)                     | (800,000,000)                 |
| Closing amount         | <u>1,000,000,000</u>              | <u>1,000,000,000</u>          |

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

| Term    | Issue date     | Maturity date  | Debentures Baht Million | Fixed interest rate (%) per annum |
|---------|----------------|----------------|-------------------------|-----------------------------------|
| 5 years | 10 August 2012 | 10 August 2017 | 1,000                   | 4.60                              |

Interest is due for payment every three-month periods. The Company has maintained the debt to equity ratio at the ratio stipulated in the prospectus.

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

**20 Borrowings (Cont'd)**

Borrowing facilities

As at 31 December 2016, the available credit facilities from financial institutions of the Group and the Company are Baht 6,562.53 million, and Baht 6,098.14 million, respectively, (2015: Baht 4,719.17 million, and Baht 4,136.83 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 cinema construction and working capital.

**21 Other current liabilities**

|   | Unit: Baht                        |                   |                               |                   |
|---|-----------------------------------|-------------------|-------------------------------|-------------------|
|   | Consolidated financial statements |                   | Separate financial statements |                   |
|   | 2016                              | 2015              | 2016                          | 2015              |
| Undue output value added tax            | 38,034,570                        | 28,502,229        | 8,602,609                     | 7,554,476         |
| Provision for customers loyalty program | 10,516,369                        | 12,226,893        | 10,516,369                    | 12,226,893        |
| Provision for goods returned            | 1,945,057                         | 17,381,425        | -                             | -                 |
| Others                                  | 35,228,877                        | 34,538,735        | 18,419,139                    | 16,881,376        |
|   | <u>85,724,873</u>                 | <u>92,649,282</u> | <u>37,538,117</u>             | <u>36,662,745</u> |

**22 Employee benefit obligations**

|   | Unit: Baht                        |                   |                               |                   |
|---|-----------------------------------|-------------------|-------------------------------|-------------------|
|   | Consolidated financial statements |                   | Separate financial statements |                   |
|   | 2016                              | 2015              | 2016                          | 2015              |
| Statement of financial position                         |                                   |                   |                               |                   |
| Liability in the statement of financial position        | <u>41,384,449</u>                 | <u>36,289,093</u> | <u>28,045,929</u>             | <u>25,128,217</u> |
| Profit or loss charge included in operating profit for: |                                   |                   |                               |                   |
| Retirement benefits                                     | <u>5,095,356</u>                  | <u>3,493,968</u>  | <u>2,917,712</u>              | <u>1,990,782</u>  |
| Remeasurement for:                                      |                                   |                   |                               |                   |
| Retirement benefits                                     | <u>-</u>                          | <u>7,598,777</u>  | <u>-</u>                      | <u>5,404,324</u>  |

**Retirement benefits**

Retirement benefits are final salary retirement plans, which provide benefits to members in the form of a guaranteed level of pension payable. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

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**22 Employee benefit obligations (Cont'd)**

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

|   | Unit: Baht                        |                   |                               |                   |
|---|-----------------------------------|-------------------|-------------------------------|-------------------|
|   | Consolidated financial statements |                   | Separate financial statements |                   |
|   | 2016                              | 2015              | 2016                          | 2015              |
| As at 1 January                             | 36,289,093                        | 25,656,872        | 25,128,217                    | 18,057,635        |
| Current service cost                        | 4,070,216                         | 2,588,777         | 2,205,074                     | 1,392,005         |
| Interest expense                            | 1,025,140                         | 905,191           | 712,638                       | 598,777           |
| Benefit paid                                | -                                 | (460,524)         | -                             | (324,524)         |
|   | <u>41,384,449</u>                 | <u>28,690,316</u> | <u>28,045,929</u>             | <u>19,723,893</u> |
| Remeasurements:                             |                                   |                   |                               |                   |
| Loss from change in demographic assumptions | -                                 | 396,013           | -                             | 256,204           |
| Loss from change in financial assumptions   | -                                 | 3,370,811         | -                             | 2,234,346         |
| Experience loss                             | -                                 | 3,831,953         | -                             | 2,913,774         |
|   | -                                 | <u>7,598,777</u>  | -                             | <u>5,404,324</u>  |
| As at 31 December                           | <u>41,384,449</u>                 | <u>36,289,093</u> | <u>28,045,929</u>             | <u>25,128,217</u> |

The principal actuarial assumptions used were as follows:

|                    | Consolidated financial statements |             | Separate financial statements |             |
|--------------------|-----------------------------------|-------------|-------------------------------|-------------|
|                    | 2016                              | 2015        | 2016                          | 2015        |
|                    | %                                 | %           | %                             | %           |
| Discount rate      | 2.80                              | 2.80        | 2.80                          | 2.80        |
| Inflation rate     | 3.00                              | 3.00        | 3.00                          | 3.00        |
| Salary growth rate | 3.00 - 9.00                       | 3.00 - 9.00 | 3.00 - 9.00                   | 3.00 - 9.00 |

|                             | Impact on defined benefit obligation |      |                        |                 |                        |                 |
|-----------------------------|--------------------------------------|------|------------------------|-----------------|------------------------|-----------------|
|                             | Change in assumption                 |      | Increase in assumption |                 | Decrease in assumption |                 |
|                             | 2016                                 | 2015 | 2016                   | 2015            | 2016                   | 2015            |
| Discount rate               | 1%                                   | 1%   | Decrease by 8%         | Decrease by 7%  | Increase by 9%         | Increase by 8%  |
| Salary growth rate          | 1%                                   | 1%   | Increase by 10%        | Increase by 8%  | Decrease by 9%         | Decrease by 7%  |
| Turnover rate               | 20%                                  | 20%  | Decrease by 16%        | Decrease by 13% | Increase by 24%        | Increase by 19% |
| Mortality improvement rates | 1%                                   | 1%   | Decrease by 0%         | Decrease by 0%  | Decrease by 0%         | Decrease by 0%  |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Through its defined benefit retirement benefit plans the Group is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields      A decrease in Government bond yields will increase plan liabilities.

Inflation risk                      The some of the Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities.

**22 Employee benefit obligations (Cont'd)**

Expected maturity analysis of undiscounted retirement and post-employment medical benefits:

|  | Consolidated financial statements |                                |                                |                         |               |
|--|-----------------------------------|--------------------------------|--------------------------------|-------------------------|---------------|
|  | Less than<br>a year<br>Baht       | Between<br>1 - 2 years<br>Baht | Between<br>2 - 5 years<br>Baht | Over<br>5 years<br>Baht | Total<br>Baht |
| At 31 December 2016<br>Retirement benefits | 600,363                           | 3,745,732                      | 7,485,715                      | 83,182,447              | 95,014,257    |
|  | Separate financial statements     |                                |                                |                         |               |
|  | Less than<br>a year<br>Baht       | Between<br>1 - 2 years<br>Baht | Between<br>2 - 5 years<br>Baht | Over<br>5 years<br>Baht | Total<br>Baht |
| At 31 December 2016<br>Retirement benefits | 182,899                           | 2,965,445                      | 4,965,132                      | 50,822,068              | 58,935,544    |

**23 Other non-current liabilities**

|   | Unit: Baht                        |                    |                               |                    |
|---|-----------------------------------|--------------------|-------------------------------|--------------------|
|   | Consolidated financial statements |                    | Separate financial statements |                    |
|   | 2016                              | 2015               | 2016                          | 2015               |
| Deposit received                                  | 252,339,585                       | 233,827,906        | 27,080,001                    | 26,767,311         |
| Rental and services income received<br>in advance | 121,605,127                       | 144,703,421        | -                             | -                  |
| Subsidy for construction received                 | 130,483,144                       | 79,532,989         | 108,205,802                   | 79,532,989         |
|   | <u>504,427,856</u>                | <u>458,064,316</u> | <u>135,285,803</u>            | <u>106,300,300</u> |

During 2016, the Company received subsidy for construction from the lessors amounting to Baht 34.93 million and Baht 57.08 million in consolidated and separate financial statements, respectively (2015: Baht 17.00 million consolidated and separate financial statements, respectively). The subsidy is recognised as a discount to rental over the lease periods.

**24 Share capital and premium on share capital**

|                               | Authorised<br>number of<br>shares | Issued and fully paid-up |                            |                          |
|-------------------------------|-----------------------------------|--------------------------|----------------------------|--------------------------|
|                               |                                   | Number of<br>shares      | Ordinary<br>shares<br>Baht | Share<br>premium<br>Baht |
| <b>As at 1 January 2015</b>   | 896,266,347                       | 890,058,836              | 890,058,836                | 3,967,547,875            |
| Issuance of shares            |                                   |                          |                            |                          |
| - Exercised warrant - ESOP-W4 | -                                 | 2,460,822                | 2,460,822                  | 47,292,239               |
| <b>As at 31 December 2015</b> | 896,266,347                       | 892,519,658              | 892,519,658                | 4,014,840,114            |
| Issuance of shares            |                                   |                          |                            |                          |
| - Exercised warrant - ESOP-W4 | -                                 | 2,013,719                | 2,013,719                  | 38,223,736               |
| <b>As at 31 December 2016</b> | <u>896,266,347</u>                | <u>894,533,377</u>       | <u>894,533,377</u>         | <u>4,053,063,850</u>     |

The total authorised number of ordinary shares is 896,266,347 shares (2015: 896,266,347 shares) with a par value of Baht 1 per share (2015: Baht 1 per share). The issued and fully paid-up ordinary shares is 894,533,377 shares (2015: 892,519,658 shares).

**24 Share capital and premium on share capital (Cont'd)**

During 2016, 40,500 options were exercised under Employee share option scheme with exercise ratio 1:1.051 and 1,837,052 options were exercised with exercise ratio 1:1.073, respectively resulted in 2,013,719 shares being issued (2015: 206,500 options were exercised with exercise ratio 1:1.033 resulted in 2,138,448 shares), with exercise price of Baht 14.687 and 14.385, respectively, totaling proceeds of Baht 28.98 million (2015: Baht 14.948 and Baht 14.687, respectively, totaling proceeds of Baht 36.20 million). The related weighted average price at the time of exercise was Baht 30.684 per share (2015: Baht 31.637 per share).

During 2015, 250,088 options of a subsidiary were exercised with exercise ratio 1: 1.29 share resulted in 321,861 shares being issued, with exercise price of Baht 1.235 totaling proceeds of Baht 0.40 million. The related weighted average price at the time of exercise was Baht 1.86 per share.

**Share premium - Treasury share**

During 2009, the Company repurchased 40.91 million shares from third parties 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 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 2011, the Company sold all treasury shares for the considerations of Baht 556.34 million, gain from disposal of treasury shares amounting to Baht 288.42 million is recognised as "Share premium - treasury shares" under equity.

**25 Share-based payment - Warrants**

**25.1 Warrants issued and offered to employees of the Company (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 offering price and their terms do not exceed 5 years from the issued date.

The exercise ratio and price on grant date are detailed below:

|         | Grant date    | Issued units<br>Million | Exercise<br>Ratio<br>unit/share | Exercise<br>price<br>Baht/unit | Exercise period |              |
|---------|---------------|-------------------------|---------------------------------|--------------------------------|-----------------|--------------|
|         |               |                         |                                 |                                | Start           | End          |
| ESOP-W4 | 10 April 2012 | 8.69                    | 1.000                           | 15.440                         | 30 June 2014    | 9 April 2017 |

The exercise ratio and price on the modification date are detailed below:

|         | Modification date | Issued units<br>Million | Exercise<br>Ratio<br>unit/share | Exercise<br>price<br>Baht/unit |
|---------|-------------------|-------------------------|---------------------------------|--------------------------------|
| ESOP-W4 | 28 February 2013  | 8.57                    | 1.017                           | 15.182                         |
| ESOP-W4 | 10 April 2014     | 8.57                    | 1.033                           | 14.948                         |
| ESOP-W4 | 10 April 2015     | 8.57                    | 1.051                           | 14.687                         |
| ESOP-W4 | 11 April 2016     | 8.57                    | 1.073                           | 14.385                         |

25 Share-based payment - Warrants (Cont'd)

25.2 Warrants issued and offered to employees of a subsidiary (ESOP)

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

The exercise ratio and price on grant date are detailed below:

|         | Grant date    | Issued units<br>Million | Exercise<br>ratio<br>Unit/share | Exercise<br>price<br>Baht/unit | Exercise period |               |
|---------|---------------|-------------------------|---------------------------------|--------------------------------|-----------------|---------------|
|         |               |                         |                                 |                                | Start           | End           |
| ESOP-W1 | 24 April 2012 | 4.42                    | 1: 1.00                         | 1.59                           | 30 June 2014    | 23 April 2017 |
| ESOP-W2 | 24 April 2015 | 13.00                   | 1: 1.00                         | 1.84                           | 30 June 2017    | 23 April 2020 |

The exercise ratio and price on exercised date are detailed below:

|  | Modification date | Issued units<br>Million | Exercise<br>Ratio<br>unit/share | Exercise<br>price<br>Baht/unit |
|--|-------------------|-------------------------|---------------------------------|--------------------------------|
|  |                   |                         |                                 |                                |

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

|                               | Consolidated financial<br>statements        |                   | Separate financial statements               |                  |
|-------------------------------|---|-------------------|---|------------------|
|                               | Average<br>exercise price<br>Baht per share | Option            | Average<br>exercise price<br>Baht per share | Option           |
| <b>As at 1 January 2015</b>   |   | 6,439,550         |   | 4,464,500        |
| Granted                       |   |                   |   |                  |
| by the subsidiary ESOP - W2   | 1.84  | 12,998,000        | -   | -                |
| Forfeited                     |   |                   |   |                  |
| by the subsidiary ESOP - W1   |   | (333,450)         | -   | -                |
| by the subsidiary ESOP - W2   |   | (2,079,680)       | -   | -                |
| by the subsidiary ESOP - W4   |   | (87,000)          |   | (87,000)         |
| Exercise of warrants          |   |                   |   |                  |
| by the Company ESOP - W1      | 1.235                                       | (250,088)         | -   | -                |
| by the Company ESOP - W4      | 14.752                                      | (2,344,948)       | 14.752                                      | (2,344,948)      |
| <b>As at 31 December 2015</b> |   | <u>14,342,384</u> |   | <u>2,032,552</u> |
| <b>As at 1 January 2016</b>   |   | 14,342,384        |   | 2,032,552        |
| Forfeited                     |   |                   |   |                  |
| by the subsidiary ESOP - W1   |   | (320,625)         |   |                  |
| by the subsidiary ESOP - W2   |   | (1,169,820)       |   |                  |
| by the subsidiary ESOP - W4   |   | (30,000)          |   | (30,000)         |
| Exercise of warrants          |   |                   |   |                  |
| by the Company ESOP - W4      | 14.46                                       | (1,877,552)       | 14.46                                       | (1,877,552)      |
| <b>As at 31 December 2016</b> |   | <u>10,944,387</u> |   | <u>125,000</u>   |

During 2016, warrants of 1,877,552 options have been exercised amount of Baht 28.98 million (Note 24).

During 2015, warrants of 2,595,036 options have been exercised amount of Baht 36.60 million (Note 24).

As at 31 December 2016, the Company and its subsidiary have 125,000 and 10,819,387 outstanding warrants, respectively (2015: the Company and its subsidiary have 2,032,552 and 12,309,832 outstanding warrants respectively).

**25 Share-based payment - Warrants (Cont'd)**

**25.2 Warrants issued and offered to employees of a subsidiary (ESOP) (Cont'd)**

During 2016, the Company made a dividend payment higher than the dividend rate that met the condition as stipulated in the condition of warrants, resulted to change of the exercise price and exercise ratio. However, the change in condition of warrants was specified in the warrants certificate since grant date, which does not affect the fair value of the warrants.

| <b>Condition of warrants</b>                                    | <b>ESOP - W4</b> | <b>ESOP - W1</b> | <b>ESOP - W2</b> |
|---|------------------|------------------|------------------|
| Exercise price (Baht per share)                                 | 14.385           | 1.24             | 1.84             |
| Exercise ratio (Unit per share)                                 | 1 : 1.073        | 1 : 1.29         | 1 : 1.00         |
| <b>Variable used in Black - Scholes model</b>                   |                  |                  |                  |
| Fair value of warrant (Baht per option)                         | 5.58 - 6.00      | 1.17 - 1.34      | 0.80             |
| Volatility (%)  | 24.34 - 29.67    | 39.72 - 63.80    | 50.45            |
| Dividend yield (%)  | 4.72 - 5.23      | 1.23             | 0.96             |
| Weighted average share price at the grant date (Baht per share) | 21.30            | 2.40             | 1.82             |
| Expected option life (year)                                     | 1.33 - 3.33      | 0.18 - 1.93      | 5.00             |
| Risk-free interest rate (%)                                     | 2.76 - 2.94      | 2.00 - 2.38      | 2.18             |

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, MPIC-ESOP-W1 and MPIC-ESOP-W2, given that value of MAJOR-ESOP-W4, MPIC-ESOP-W1 and MPIC-ESOP-W2 will rise when there is high fluctuation of MAJOR and MPIC stock price, respectively.

During 2016, the Group and the Company recognised the value of warrants over the vesting period, the amount of Baht 5.49 million and Baht 4.82 million, respectively, are recognised as an expense in the Consolidated and separate income statements with a corresponding credit to the consolidated and company equity.

**26 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.

**27 Non-controlling interest**

|   | <b>Unit: Baht</b>                        |                   |
|---|--|-------------------|
|   | <b>Consolidated financial statements</b> |                   |
|   | <b>2016</b>                              | <b>2015</b>       |
| Opening balance                         | 67,492,761                               | 55,961,314        |
| Acquisition of investment in subsidiary | 5,315,737                                | -                 |
| Dividend                                | (10,745,990)                             | -                 |
| Exercise of warrant                     | -  | 783,579           |
| Share of profit from subsidiaries       | 18,781,875                               | 10,747,868        |
| Closing balance                         | <u>80,844,383</u>                        | <u>67,492,761</u> |

**Major Cineplex Group Public Company Limited**  
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**28 Other operating income**

|                                   | Unit: Baht                        |                    |                               |                    |
|-----------------------------------|-----------------------------------|--------------------|-------------------------------|--------------------|
|                                   | Consolidated financial statements |                    | Separate financial statements |                    |
|                                   | 2016                              | 2015               | 2016                          | 2015               |
| Dividend income                   | 1,176,122                         | 947,583            | 757,823,297                   | 137,664,217        |
| Gains on disposals of investments | 376,370,231                       | 237,073,290        | 379,779,497                   | 249,845,835        |
| Management fee income             | 51,500,169                        | 52,919,206         | 67,842,479                    | 68,355,406         |
| Interest income                   | 4,255,967                         | 6,624,192          | 34,858,646                    | 41,716,366         |
| Gain on exchange rate             | 26,568,597                        | 27,681,650         | 25,030,178                    | 26,113,962         |
| Property tax income               | 22,560,062                        | 22,269,642         | 2,405,864                     | 2,424,857          |
| Compensation income               | 46,002,083                        | 8,188,753          | 46,002,083                    | 6,346,920          |
| Others                            | 50,145,803                        | 28,637,895         | 9,895,216                     | 9,403,711          |
|                                   | <u>578,579,034</u>                | <u>384,342,211</u> | <u>1,323,637,260</u>          | <u>541,871,274</u> |

**29 Expenses by nature**

|   | Unit: Baht                        |              |                               |             |
|---|-----------------------------------|--------------|-------------------------------|-------------|
|   | Consolidated financial statements |              | Separate financial statements |             |
|   | 2016                              | 2015         | 2016                          | 2015        |
| Depreciation of property and equipment (Note 13)                          | 982,830,009                       | 858,339,825  | 549,331,021                   | 454,338,643 |
| Amortisation of intangible assets   |                                   |              |                               |             |
| - Film rights (Note 15)   | 158,588,334                       | 308,411,781  | -                             | -           |
| - Computer software (Note 15)   | 30,677,823                        | 20,410,473   | 24,570,331                    | 18,262,565  |
| Amortisation of prepaid rents   | 41,579,042                        | 39,121,291   | 16,891,719                    | 14,439,945  |
| Impairment of goodwill (Note 14)  | 32,948,094                        | 45,031,914   | -                             | -           |
| Impairment of assets (reversal) (Notes 12, 13 and 15)                     | 48,807,907                        | (10,754,921) | 120,854,600                   | 1,500,000   |
| Repairs and maintenance expenditure                                       | 169,714,340                       | 122,117,707  | 119,571,108                   | 82,375,418  |
| Staff costs   | 1,075,315,270                     | 955,843,306  | 644,482,197                   | 548,444,900 |
| Loss from written-off of property, plant, equipment                       | 44,362,708                        | 13,187,182   | 40,147,048                    | 453,877     |
| Doubtful debts and bad debts  | 44,261,941                        | 12,439,704   | -                             | -           |
| Loss on diminution in value of inventories (reversal)                     | (18,409,727)                      | 2,450,000    | 9,000,000                     | -           |
| Loss on goods returns (reversal)  | 15,436,368                        | (26,976,712) | -                             | -           |
| Inventory   |                                   |              |                               |             |
| - Cost of inventories recognised as expense (included in "Cost of sales") | 467,387,165                       | 509,126,040  | 328,190,556                   | 328,441,606 |
| Loss from cancellation of lease agreement                                 | 4,835,384                         | -            | -                             | -           |

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**30 Finance costs**

|   | Unit: Baht                        |                    |                               |                    |
|---|-----------------------------------|--------------------|-------------------------------|--------------------|
|   | Consolidated financial statements |                    | Separate financial statements |                    |
|   | 2016                              | 2015               | 2016                          | 2015               |
| <b>Interest expenses:</b>                   |                                   |                    |                               |                    |
| Bank borrowings                             | 74,073,891                        | 62,727,846         | 71,495,724                    | 62,207,034         |
| Borrowings from subsidiaries and associates | 154,258                           | 723,019            | 45,580,290                    | 45,531,168         |
| Finance lease                               | 12,998,860                        | 17,026,389         | 1,675,638                     | 1,673,530          |
| Debentures                                  | 56,805,118                        | 74,431,509         | 56,805,118                    | 74,431,509         |
|   | <u>144,032,127</u>                | <u>154,908,763</u> | <u>175,556,770</u>            | <u>183,843,241</u> |

**31 Income tax**

|   | Unit: Baht                        |                    |                               |                    |
|---|-----------------------------------|--------------------|-------------------------------|--------------------|
|   | Consolidated financial statements |                    | Separate financial statements |                    |
|   | 2016                              | 2015               | 2016                          | 2015               |
| Current tax:                                      |                                   |                    |                               |                    |
| Current tax                                       | 265,727,885                       | 289,460,329        | 121,870,943                   | 151,714,046        |
| Adjustments in respect of prior year              | 164,333                           | (24,000)           | (1,263,119)                   | -                  |
| <b>Total current tax</b>                          | <u>265,892,218</u>                | <u>289,436,329</u> | <u>120,607,824</u>            | <u>151,714,046</u> |
| Deferred tax:                                     |                                   |                    |                               |                    |
| Origination and reversal of temporary differences | (29,052,995)                      | 10,623,374         | (32,647,074)                  | 1,584,069          |
| <b>Total tax expense</b>                          | <u>236,839,223</u>                | <u>300,059,703</u> | <u>87,960,750</u>             | <u>153,298,115</u> |

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the company as follows:

|  | Unit: Baht                        |                    |                               |                    |
|--|-----------------------------------|--------------------|-------------------------------|--------------------|
|  | Consolidated financial statements |                    | Separate financial statements |                    |
|  | 2016                              | 2015               | 2016                          | 2015               |
| Profit before tax  | 1,443,842,015                     | 1,481,730,056      | 1,292,827,034                 | 913,940,561        |
| Tax calculated at a tax rate of 20%                                  | 288,768,403                       | 296,346,011        | 258,565,407                   | 182,788,112        |
| Tax effect of:   |                                   |                    |                               |                    |
| Associate and joint ventures results reported net of tax             | (43,665,681)                      | (35,277,360)       | -                             | -                  |
| Income not subject to tax  | -                                 | -                  | (151,329,435)                 | (27,343,327)       |
| Expenses not deductible for tax purpose                              | 16,750,982                        | 8,285,328          | 781,503                       | 3,053,855          |
| Expense that are deductible at a greater amount from actual expenses | (18,237,574)                      | (1,288,714)        | (18,793,606)                  | (1,200,525)        |
| Utilisation of previously unrecognised tax losses                    | (4,949,473)                       | (4,139,730)        | -                             | -                  |
| Tax losses for which no deferred income tax asset was recognised     | 21,235,425                        | 36,629,996         | -                             | -                  |
| Unrealised losses (gain) from intercompany transaction               | (23,227,192)                      | 3,528,172          | -                             | -                  |
| Adjustment in respect of prior year                                  | 164,333                           | (4,024,000)        | (1,263,119)                   | (4,000,000)        |
| <b>Tax charge</b>  | <u>236,839,223</u>                | <u>300,059,703</u> | <u>87,960,750</u>             | <u>153,298,115</u> |

### 32 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.

The diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: warrants (as detailed in Note 25). A calculation of warrants is made to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrants. The difference is added to the denominator as an issue of ordinary shares for no consideration.

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

|   | Consolidated financial statements |                      |                                   |                    |                    |             |
|---|-----------------------------------|----------------------|-----------------------------------|--------------------|--------------------|-------------|
|   | Profit                            |                      | Weighted average number of shares |                    | Earnings per share |             |
|   | Baht                              |                      | shares                            |                    | Baht               |             |
|   | 2016                              | 2015                 | 2016                              | 2015               | 2016               | 2015        |
| <b>For the years ended 31 December</b>  |                                   |                      |                                   |                    |                    |             |
| Basic earnings per share                | 1,188,220,917                     | 1,170,922,485        | 893,487,594                       | 891,234,359        | 1.33               | 1.31        |
| The effect of dilutive potential shares | -                                 | -                    | 643,782                           | 1,883,467          | -                  | -           |
| Diluted earnings per share              | <u>1,188,220,917</u>              | <u>1,170,922,485</u> | <u>894,131,376</u>                | <u>893,117,826</u> | <u>1.33</u>        | <u>1.31</u> |
|   |                                   |                      |                                   |                    |                    |             |
|   | Separate financial statements     |                      |                                   |                    |                    |             |
|   | Profit                            |                      | Weighted average number of shares |                    | Earnings per share |             |
|   | Baht                              |                      | shares                            |                    | Baht               |             |
|   | 2016                              | 2015                 | 2016                              | 2015               | 2016               | 2015        |
| <b>For the years ended 31 December</b>  |                                   |                      |                                   |                    |                    |             |
| Basic earnings per share                | 1,204,866,284                     | 760,642,446          | 893,487,594                       | 891,234,359        | 1.35               | 0.85        |
| The effect of dilutive potential shares | -                                 | -                    | 643,782                           | 1,883,467          | -                  | -           |
| Diluted earnings per share              | <u>1,204,866,284</u>              | <u>760,642,446</u>   | <u>894,131,376</u>                | <u>893,117,826</u> | <u>1.35</u>        | <u>0.85</u> |

### 33 Dividends

#### 2016

At the Annual General Shareholders Meeting held on 5 April 2016, the shareholders passed a resolution to approve dividends payment in respect of the operation results for the period from July to December 2015 at Baht 0.60 per share, totaling Baht 535.53 million. The dividends would be distributed to the shareholders listed in the register on 19 April 2016 and were distributed to the shareholders on 4 May 2016.

At the Board of Directors Meeting held on 11 August 2016, the Board passed a resolution to approve interim dividends payment in respect of the operation results for the period from January to June 2016 at Baht 0.60 per share, totaling Baht 536.60 million. The dividends would be distributed to the shareholders listed in the register on 30 August 2016 and were distributed to the shareholders on 9 September 2016.

#### 2015

At the Annual General Shareholders Meeting held on 2 April 2015, the shareholders passed the resolution to approved dividends payment in respect of the operating results for the period from July to December 2014 at Baht 0.55 per share, totaling Baht 489.62 million. The dividend will be distributed to shareholders listed in the register on 17 April 2015. The dividends were distributed to the shareholders on 30 April 2015.

At the Board of Directors Meeting held on 7 August 2015, the directors passed the resolution to approved dividends payment in respect of the operating results for the period from January to June 2015 at Baht 0.55 per share, totaling Baht 490.66 million. The dividend will be distributed to shareholders listed in the register on 25 August 2015. The dividends were distributed to the shareholders on 4 September 2015.

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**34 Cash flows from operating activities**

Reconciliation of net profit to cash flows from operating activities:

|   | Notes | Unit: Baht                        |                      |                               |                      |
|---|-------|-----------------------------------|----------------------|-------------------------------|----------------------|
|   |       | Consolidated financial statements |                      | Separate financial statements |                      |
|   |       | 2016                              | 2015                 | 2016                          | 2015                 |
| Profit before income tax  |       | 1,443,842,015                     | 1,481,730,056        | 1,292,827,034                 | 913,940,561          |
| Adjustments for:  |       |                                   |                      |                               |                      |
| Depreciation and amortisation   | 29    | 1,172,096,166                     | 1,187,162,079        | 573,901,352                   | 472,601,208          |
| Amortisation of prepaid rent  | 29    | 41,579,042                        | 39,121,291           | 16,891,719                    | 14,439,945           |
| Doubtful accounts and bad debts   | 29    | 44,261,941                        | 12,439,704           | -                             | -                    |
| Reversal of provision for goods returns                                       | 29    | (15,436,368)                      | (26,976,712)         | -                             | -                    |
| Loss on diminution in value of inventories (reversal)                         | 29    | (18,409,727)                      | 2,450,000            | 9,000,000                     | -                    |
| Loss on impairment of assets (reversal)                                       | 29    | 48,807,907                        | (10,754,921)         | 120,854,600                   | 1,500,000            |
| Loss on impairment of goodwill  | 29    | 32,948,094                        | 45,031,914           | -                             | -                    |
| Loss from liquidate of investment in subsidiaries                             | 12    | -                                 | -                    | -                             | 4,200,000            |
| (Gain) loss on disposals of property, plant and equipment                     |       | (4,577,801)                       | 253,957              | 3,158,826                     | 789,409              |
| Loss on disposals of intangible assets  |       | (97,460)                          | -                    | -                             | -                    |
| Loss on write-off of property, plant and equipment                            |       | 44,362,708                        | 13,187,182           | 40,147,048                    | 453,877              |
| Loss on write-off of intangible assets  |       | 1,340,215                         | 3,665,200            | 1,385                         | -                    |
| Loss from cancellation of lease agreement                                     | 29    | 4,835,384                         | -                    | -                             | -                    |
| Gain on bargain purchase of investment  | 35    | (736,406)                         | -                    | -                             | -                    |
| Shares of profit from associates and joint ventures                           | 12    | (256,159,527)                     | (237,182,769)        | -                             | -                    |
| Gain on disposals of investment in subsidiaries, associates and joint venture | 12    | (29,736,201)                      | (99,111,144)         | (33,145,467)                  | (111,883,690)        |
| Gain on disposal of available-for-sale of investment                          | 8     | (346,634,030)                     | (137,925,188)        | (346,634,030)                 | (137,925,188)        |
| Gain on disposals of short-term investments                                   |       | -                                 | (36,957)             | -                             | (36,957)             |
| Elimination of gain on Disposals of assets to the Property fund               | 12    | 4,242,586                         | -                    | -                             | -                    |
| Provision for loyalty program   |       | (1,710,524)                       | (7,541,745)          | (1,710,524)                   | (7,541,745)          |
| Provision for employee benefit  | 22    | 5,095,356                         | 3,493,968            | 2,917,712                     | 1,990,782            |
| Warrants  | 25    | 5,486,380                         | 7,519,805            | 4,819,622                     | 5,675,682            |
| Unrealised gain (loss) on exchange rate                                       |       | 6,172,262                         | (656,210)            | 3,207,574                     | (5,180,278)          |
| Dividend received   | 28    | (1,176,122)                       | (947,583)            | (757,823,297)                 | (137,664,217)        |
| Interest income   | 28    | (4,255,967)                       | (6,624,192)          | (34,858,646)                  | (41,716,366)         |
| Finance costs   | 30    | 144,032,127                       | 154,908,763          | 175,556,770                   | 183,843,241          |
| Changes in operating assets and liabilities:                                  |       |                                   |                      |                               |                      |
| - trade account and other receivable  |       | (80,563,496)                      | 110,165,657          | (19,154,867)                  | 79,610,097           |
| - inventories   |       | 104,544,438                       | (30,584,635)         | 17,393,741                    | (32,201,916)         |
| - films under production  |       | (82,659,085)                      | (10,755,857)         | -                             | -                    |
| - other current assets  |       | (31,227,160)                      | 13,427,852           | (15,996,988)                  | (7,054,229)          |
| - receivables under finance lease agreements                                  |       | 1,260,336                         | 1,008,067            | -                             | -                    |
| - accounts receivable long-term contract                                      |       | -                                 | -                    | -                             | -                    |
| - other non-current assets  |       | (37,934,171)                      | (60,593,672)         | (48,508,692)                  | (54,383,550)         |
| - trade account and other payables  |       | (112,854,370)                     | (49,274,163)         | (59,350,923)                  | (73,015,214)         |
| - other current liabilities   |       | 6,890,916                         | (27,382,580)         | 2,585,895                     | (10,141,606)         |
| - other non-current liabilities   |       | 39,471,962                        | (3,417,288)          | 27,373,316                    | 14,587,494           |
| - Employee benefit obligation   |       | -                                 | (460,524)            | -                             | (324,524)            |
| Cash flows from operating activities  |       | <u>2,127,101,420</u>              | <u>2,365,339,355</u> | <u>973,453,160</u>            | <u>1,074,562,816</u> |

**35 Business combinations**

On 1 January 2016, Major Holding International Co., Ltd. (subsidiary) has invested in 60.00% of ordinary shares in Major Platinum Cineplex (Lao) Co., Ltd., a cinema services provider in Lao People's Democratic Republic, totalling Baht 6.04 million. As a result of the acquisition, the Group expected to increase its presence in this market.

The following table summarises the consideration paid for Major Platinum Cineplex (Lao) Co., Ltd. and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

|  | <b>Baht</b>       |
|--|-------------------|
| Cash   | 6,037,200         |
| <b>Total consideration</b>   | <b>6,037,200</b>  |
| <b>Recognised fair value amounts of identifiable assets acquired and liabilities assumed</b> |                   |
| Cash and cash equivalents  | 24,325,781        |
| Trade and other receivables  | 7,422,586         |
| Other current assets   | 1,719,128         |
| Property, plant and equipment  | 80,794,638        |
| Intangible assets  | 612,211           |
| Other non-current assets   | 54,133            |
| Trade and other payables   | (103,639,133)     |
| <b>Total identifiable net assets</b>   | <b>11,289,344</b> |
| Non-controlling interest   | 4,515,738         |
| Gain on bargain purchases  | 736,406           |
|  | <b>5,252,144</b>  |
| <b>Cash increase from acquisition of subsidiary, net of cash payment</b>                     | <b>18,288,581</b> |

**36 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.

36 Related-party transactions (Cont'd)

The following transactions were carried out with related parties:

i) Sales of goods and services and others

|                                    | Unit: Baht'000                    |                |                               |                |
|------------------------------------|-----------------------------------|----------------|-------------------------------|----------------|
|                                    | Consolidated financial statements |                | Separate financial statements |                |
|                                    | 2016                              | 2015           | 2016                          | 2015           |
| <b>Sales of goods and services</b> |                                   |                |                               |                |
| Subsidiaries                       | -                                 | -              | 352,167                       | 365,011        |
| Associates                         | 5,521                             | 10,928         | 1,022                         | 22,581         |
| Leasehold property fund            | 76,115                            | 64,887         | 40,067                        | 151,147        |
| Joint ventures                     | 18,172                            | 22,969         | 4,159                         | 4,977          |
| Related parties                    | 64,116                            | 65,800         | 16,353                        | 18,491         |
|                                    | <u>163,924</u>                    | <u>164,584</u> | <u>413,768</u>                | <u>562,207</u> |
| <b>Dividend income</b>             |                                   |                |                               |                |
| Subsidiaries                       | -                                 | -              | 561,826                       | 5,735          |
| Associates                         | -                                 | -              | 84,833                        | 19,686         |
| Leasehold property fund            | -                                 | -              | 109,989                       | 111,296        |
| Related parties                    | 1,176                             | 947            | 1,176                         | 947            |
|                                    | <u>1,176</u>                      | <u>947</u>     | <u>757,824</u>                | <u>137,664</u> |

ii) Purchase of goods and services and others

|  | Unit: Baht'000                    |                |                               |                |
|--|-----------------------------------|----------------|-------------------------------|----------------|
|  | Consolidated financial statements |                | Separate financial statements |                |
|  | 2016                              | 2015           | 2016                          | 2015           |
| <b>Purchases of goods and services</b> |                                   |                |                               |                |
| Subsidiaries                           | -                                 | -              | 329,511                       | 248,290        |
| Associates                             | 28,990                            | 30,825         | 17,927                        | 20,843         |
| Leasehold property fund                | 167,127                           | 159,891        | 125,800                       | 120,558        |
| Joint ventures                         | -                                 | 13,467         | -                             | 8,223          |
| Related parties                        | 145,119                           | 185,399        | 125,941                       | 161,095        |
|  | <u>341,236</u>                    | <u>389,582</u> | <u>599,179</u>                | <u>559,009</u> |

36 Related-party transactions (Cont'd)

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

|  | Unit: Baht'000                       |               |                                  |                |
|--|--------------------------------------|---------------|----------------------------------|----------------|
|  | Consolidated financial<br>statements |               | Separate financial<br>statements |                |
|  | 2016                                 | 2015          | 2016                             | 2015           |
| <b>Trade accounts receivable<br/>(include unbilled revenue)</b>              |                                      |               |                                  |                |
| Subsidiaries   | -                                    | -             | 55,717                           | 62,648         |
| Associates   | 7,260                                | 7,643         | 4,709                            | 4,103          |
| Joint venture  | 3,104                                | 918           | 428                              | 195            |
| Related parties  | 2,376                                | 2,919         | 311                              | 449            |
|  | <u>12,740</u>                        | <u>11,480</u> | <u>61,165</u>                    | <u>67,395</u>  |
| <b>Amounts due from related parties</b>                                      |                                      |               |                                  |                |
| Subsidiaries   | -                                    | -             | 206,421                          | 156,503        |
| Associates   | 50,235                               | 22,780        | 4,186                            | 4,676          |
| Joint venture  | 269                                  | 917           | -                                | 915            |
| Related parties  | 14,469                               | 27,822        | 4,275                            | 14,516         |
|  | <u>64,473</u>                        | <u>51,519</u> | <u>214,882</u>                   | <u>176,610</u> |
| <b>Dividends Receivable<br/>(included in<br/>"Other non-current assets")</b> |                                      |               |                                  |                |
| Subsidiaries   | -                                    | -             | 119,916                          | -              |
| Joint venture  | 4,500                                | -             | -                                | -              |
|  | <u>4,500</u>                         | <u>-</u>      | <u>119,916</u>                   | <u>-</u>       |
| <b>Deposit<br/>(included in<br/>"Other non-current assets")</b>              |                                      |               |                                  |                |
| Subsidiaries   | -                                    | -             | 44,528                           | 44,528         |
| Associates   | 8,869                                | 8,849         | 3,849                            | 3,849          |
| Related parties  | 26,129                               | 25,829        | 25,829                           | 25,829         |
|  | <u>34,998</u>                        | <u>34,678</u> | <u>74,206</u>                    | <u>74,206</u>  |

36 Related-party transactions (Cont'd)

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

|  | Unit: Baht'000                    |                |                               |               |
|--|-----------------------------------|----------------|-------------------------------|---------------|
|  | Consolidated financial statements |                | Separate financial statements |               |
|  | 2016                              | 2015           | 2016                          | 2015          |
| <b>Trade accounts payable</b><br>(included in "Trade accounts and notes payable")                    |                                   |                |                               |               |
| Subsidiaries   | -                                 | -              | 72,523                        | 70,020        |
| Associates   | 7,643                             | 323            | 5,539                         | 14            |
| Joint venture  | -                                 | 1,069          | -                             | -             |
| Related parties  | 619                               | 853            | 515                           | 736           |
|  | <u>8,262</u>                      | <u>2,245</u>   | <u>78,577</u>                 | <u>70,770</u> |
| <b>Other payables</b><br>(included in "Amounts due to related parties")                              |                                   |                |                               |               |
| Subsidiaries   | -                                 | -              | 12,645                        | 10,179        |
| Associates   | 4,127                             | 4,871          | 3,448                         | 4,073         |
| Joint venture  | 45                                | -              | -                             | -             |
| Related parties  | 14,901                            | 13,360         | 6,985                         | 9,696         |
| Board  | 4,139                             | 4,083          | 3,567                         | 3,600         |
|  | <u>23,212</u>                     | <u>22,314</u>  | <u>26,645</u>                 | <u>27,548</u> |
| <b>Advance received for rental and services</b><br>(included in "Other non-current liabilities")     |                                   |                |                               |               |
| Associate  | 24,961                            | 26,008         | -                             | -             |
| Related parties  | 11,048                            | 12,558         | -                             | -             |
|  | <u>36,009</u>                     | <u>38,566</u>  | <u>-</u>                      | <u>-</u>      |
| <b>Deposits received</b><br>(included in "Other non-current liabilities")                            |                                   |                |                               |               |
| Subsidiaries   | -                                 | -              | 1,253                         | 1,253         |
| Associates   | 123,503                           | 120,003        | -                             | -             |
| Joint venture  | 720                               | 420            | -                             | -             |
| Related parties  | 5,666                             | 5,667          | 135                           | 135           |
|  | <u>129,889</u>                    | <u>126,090</u> | <u>1,388</u>                  | <u>1,388</u>  |
| <b>Finance lease liabilities</b><br>(included in "Long-term borrowings from financial institutions") |                                   |                |                               |               |
| Associates   | 22,765                            | 20,945         | 22,765                        | 20,945        |
|  | <u>22,765</u>                     | <u>20,945</u>  | <u>22,765</u>                 | <u>20,945</u> |

**36 Related-party transactions (Cont'd)**

**iv) Short-term loans to related parties**

The short-term loans to related parties are loans to subsidiaries. Loans repayable within 1 month and carrying interest rate of 4.00% per annum.

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

|  | Unit: Baht'000                    |      |                               |           |
|--|-----------------------------------|------|-------------------------------|-----------|
|  | Consolidated financial statements |      | Separate financial statements |           |
|  | 2016                              | 2015 | 2016                          | 2015      |
| <b>For the years ended 31 December</b> |                                   |      |                               |           |
| Opening balance                        | -                                 | -    | 547,667                       | 641,578   |
| Loans advanced during the year         | 8,000                             | -    | 609,218                       | 811,514   |
| Loans repayments during the year       | -                                 | -    | (681,985)                     | (905,425) |
| Closing balance                        | 8,000                             | -    | 474,900                       | 547,667   |

The related interest income was Baht 20.89 million (2015: Baht 23.69 million). At 31 December 2016, the accrued interest income was Baht 1.66 million (2015: Baht 1.89 million).

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

|  | Unit: Baht'000                    |       |                               |           |
|--|-----------------------------------|-------|-------------------------------|-----------|
|  | Consolidated financial statements |       | Separate financial statements |           |
|  | 2016                              | 2015  | 2016                          | 2015      |
| <b>For the years ended 31 December</b>           |                                   |       |                               |           |
| <b>Subsidiaries and associates and employees</b> |                                   |       |                               |           |
| Opening balance                                  | 1,558                             | 2,113 | 331,336                       | 431,891   |
| Loans advanced during the year                   | 954                               | 14    | 954                           | 14        |
| Loans repayments during the year                 | (589)                             | (569) | (30,584)                      | (100,569) |
| Closing balance                                  | 1,923                             | 1,558 | 301,706                       | 331,336   |

The loans to related parties are carrying interest at the rates ranging 4.00% per annum (2015: 4.00% per annum) and there is no specific repayment date.

Staff loans of Baht 1.92 million and Baht 1.71 million (2015: Baht 1.34 million and Baht 1.89 million) in the consolidated and separate financial statements, respectively, carrying interest rate of ranging of 2.00% to 3.00% per annum (2015: bearing interest rate of ranging of 2.00% to 3.00% per annum).

**vi) Short-term loans from related parties**

The short-term loans from related parties are loans from fellow subsidiaries. The short-term loans are unsecured. Loans of Baht 975.30 million are repayable within 1 month and carrying interest rate of 4.00% per annum. A promissory note due up on demand of Baht 18.15 million bears interest rate of 2.72% to 3.10% per annum.

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

|  | Unit: Baht'000                    |         |                               |             |
|--|-----------------------------------|---------|-------------------------------|-------------|
|  | Consolidated financial statements |         | Separate financial statements |             |
|  | 2016                              | 2015    | 2016                          | 2015        |
| <b>For the years ended 31 December</b> |                                   |         |                               |             |
| <b>Subsidiaries and associates</b>     |                                   |         |                               |             |
| Opening balance                        | 23,000                            | 25,000  | 1,191,428                     | 973,924     |
| Loans borrowed during the year         | -                                 | -       | 2,225,651                     | 2,253,799   |
| Loans repaid during the year           | (4,850)                           | (2,000) | (2,423,632)                   | (2,036,295) |
| Closing balance                        | 18,150                            | 23,000  | 993,447                       | 1,191,428   |

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The related interest expense was Baht 154,258 and Baht 43,121,002, respectively (2015: Baht 723,019 and Baht 45,531,167). At 31 December 2016, the accrued interest expense was Baht 174,479 and Baht 11,405,675, respectively (2015: Baht 338,704 and Baht 8,700,029).

**36 Related-party transactions (Cont'd)**

**vii) Key management compensation**

| For the years ended 31 December | Unit: Baht'000                    |               |                               |               |
|---------------------------------|-----------------------------------|---------------|-------------------------------|---------------|
|                                 | Consolidated financial statements |               | Separate financial statements |               |
|                                 | 2016                              | 2015          | 2016                          | 2015          |
| Short-term employee benefits    | 48,386                            | 48,094        | 40,640                        | 38,018        |
| Retirement benefits             | 672                               | 796           | 596                           | 748           |
| Share-based payments            | 1,152                             | 1,457         | 1,152                         | 1,457         |
|                                 | <u>50,210</u>                     | <u>50,347</u> | <u>42,388</u>                 | <u>40,223</u> |

**ix) Investments in subsidiaries, associates and joint ventures**

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

**37 Commitments and contingencies**

**i) Bank guarantees and letter of credits**

As at 31 December 2016, the Group has outstanding bank guarantees and letters of credit Baht 193.46 million (2015: Baht 209.18 million) given to third parties.

**ii) Guarantees**

As at 31 December 2016, the Company and a subsidiary have provided guarantees for bank loans granted to subsidiaries and associates for a total of Baht 106.93 million (2015: Baht 35.84 million).

**iii) Operating lease commitments - where the Group 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 financial statements |              | Separate financial statements |              |
|  | 2016                              | 2015         | 2016                          | 2015         |
| Not later than 1 year                        | 741                               | 720          | 702                           | 690          |
| Later than 1 year but not later than 5 years | 3,244                             | 2,911        | 2,035                         | 2,163        |
| Later than 5 years                           | 5,462                             | 5,734        | 3,747                         | 3,824        |
|  | <u>9,447</u>                      | <u>9,365</u> | <u>6,484</u>                  | <u>6,677</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.

**37 Commitments and contingencies (Cont'd)**

**iv) Capital commitments**

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

|                               |     | <b>Consolidated financial statements</b> |                | <b>Separate financial statements</b> |               |
|-------------------------------|-----|--|----------------|--------------------------------------|---------------|
|                               |     | <b>2016</b>                              | <b>2015</b>    | <b>2016</b>                          | <b>2015</b>   |
| <b>Currency</b>               |     | <b>Unit: 000</b>                         |                |                                      |               |
| Property, plant and equipment | THB | 55,648                                   | 36,508         | 55,648                               | 36,508        |
| Intangible assets             | THB | 1,969                                    | 34,346         | -                                    | -             |
|                               | USD | 1,061                                    | 1,963          | -                                    | -             |
| Total                         | THB | 57,617                                   | 70,854         | 55,648                               | 36,508        |
|                               | USD | 1,061                                    | 1,963          | -                                    | -             |
| Total in Thai Baht            |     | <u>95,798</u>                            | <u>142,024</u> | <u>55,648</u>                        | <u>36,508</u> |

**v) Commitment for film productions**

As at 31 December 2016, the Group has commitments in respect of payments to film directors amounting to Baht 63.10 million (2015: Baht 7.88 million).

**38 Events after the reporting date**

- a) At the Board of Directors Meeting held on 17 February 2017, the Board approved dividends in respect of the operating results for the period from July to December 2016 at Baht 0.60 per share, totalling Baht 536.72 million. The dividends will be distributed to shareholders listed in the register on 21 April 2017.
- b) On 2 February 2017, the Company has purposed to makes Voluntary Partial Tender Offer to purchase ordinary shares of Siam Future Development Public Company Limited in the amount of not exceeding 428.35 million shares or equal to not exceeding 24.11 percent of paid-up capital of SF at 6.20 Baht per share during the tender offer period of 26 business days from 21 December 2016 to 26 January 2017 has offered for sale 5.38 million shares, equivalent to 0.30 percent of paid-up capital of SF amounting to Baht 33.36 million.