

MAJOR CINEPLEX GROUP PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2017

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 and separate financial position of the Group and of the Company as at 31 December 2017, 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

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate income statement for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and 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 consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. 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>Goodwill impairment assessment</p> <p>In note 14 to the 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 is required to test goodwill for impairment at least annually under Thai Accounting Standard 36, Impairment of assets (TAS 36). Management assessed the value-in-use (VIU) of goodwill and concluded that the carrying amount of goodwill after provision for impairment was appropriately stated.</p> <p>I focused on this 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 assumptions can have a material impact on the recoverable amount 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 2017 actual results with the forecast made in 2016 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"> 1. management's key assumptions for growth rates in the forecasts by comparing them to historical results and economic and industry forecasts; and 2. the discount rate used in the model by assessing the cost of capital of the Group by comparing it to market data and industry research. <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 and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.

Kajornkiet Aroonpirodkul
Certified Public Accountant (Thailand) No. 3445
Bangkok
19 February 2018

Major Cineplex Group Public Limited
Statement of Financial Position
As at 31 December 2017

		Unit: Baht				
		Consolidated		Separate		
		financial statements		financial statements		
Notes		2017	2016	2017	2016	
Assets						
Current assets						
	Cash and cash equivalents	7	573,029,736	530,873,228	272,256,434	173,652,272
	Trade account and other receivables	9	1,182,113,359	1,256,314,802	704,252,891	712,395,685
	Short-term loans to related parties	35	5,000,000	8,000,000	394,601,068	474,899,781
	Inventories	10	140,868,856	97,810,135	99,335,053	61,690,571
	Films under production		178,364,640	221,085,004	-	-
	Current portion of prepaid rents	17	44,891,024	44,665,434	20,037,034	19,978,111
	Other current assets	11	138,545,830	191,628,317	45,370,299	60,557,879
	Total current assets		<u>2,262,813,445</u>	<u>2,350,376,920</u>	<u>1,535,852,779</u>	<u>1,503,174,299</u>
Non-current assets						
	Available-for-sale investment	8	67,095,427	512,698,612	67,095,427	512,698,612
	Restricted cash		-	4,586,767	-	-
	Finance lease receivables		11,265,409	11,479,186	-	-
	Investment in subsidiaries	12	-	-	3,620,413,946	3,620,413,946
	Investment in associates	12	2,969,458,728	2,751,690,359	2,716,073,678	2,501,310,195
	Interest in joint ventures	12	37,405,758	288,167,915	-	245,167,525
	Long-term loans to related parties	35	1,826,603	1,922,603	271,609,900	301,705,900
	Property, plant and equipment	13	7,186,429,150	7,591,205,434	4,281,281,778	4,471,538,833
	Goodwill	14	205,380,716	205,380,716	-	-
	Intangible assets	15	100,397,518	120,790,748	36,744,931	44,931,512
	Deferred income tax assets	16	49,913,536	9,066,047	35,706,035	-
	Long-term prepaid rents	17	630,626,159	609,467,930	396,626,389	355,558,616
	Other non-current assets	18	285,098,153	268,079,614	187,562,596	179,251,203
	Total non-current assets		<u>11,544,897,157</u>	<u>12,374,535,931</u>	<u>11,613,114,680</u>	<u>12,232,576,342</u>
	Total assets		<u>13,807,710,602</u>	<u>14,724,912,851</u>	<u>13,148,967,459</u>	<u>13,735,750,641</u>

Director _____ Director _____

The accompanying notes 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 2017

Unit: Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Liabilities and equity					
Current liabilities					
Bank overdrafts and short-term borrowings from financial institutions	20	1,459,889,523	3,137,985,914	1,399,889,523	3,031,055,974
Trade account and other payables	19	1,674,700,273	1,761,239,462	1,220,323,637	1,197,814,370
Current portion of long-term borrowings	20	658,591,197	1,337,408,236	588,006,012	1,253,632,360
Short-term loans from related parties	35	15,900,000	18,150,000	1,262,775,741	993,447,090
Accrued income tax		61,329,230	79,438,164	22,828,958	15,910,867
Other current liabilities	21	75,456,693	85,724,873	34,455,623	37,538,117
Total current liabilities		3,945,866,916	6,419,946,649	4,528,279,494	6,529,398,778
Non-current liabilities					
Long-term borrowings from financial institutions	20	2,605,355,459	763,914,342	2,492,126,659	580,132,671
Deferred income tax liabilities	16	241,369,028	277,500,897	-	29,689,462
Employee benefit obligations	22	38,894,800	41,384,449	24,908,376	28,045,929
Other non-current liabilities	23	477,464,996	504,427,856	132,313,520	135,285,803
Total non-current liabilities		3,363,084,283	1,587,227,544	2,649,348,555	773,153,865
Total liabilities		7,308,951,199	8,007,174,193	7,177,628,049	7,302,552,643
Equity					
Share capital	24				
Authorised share capital					
Ordinary shares, 896,266,347 shares 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, 894,667,502 shares (2016: 894,533,377 shares) paid-up of Baht 1 each	24	894,667,502	894,533,377	894,667,502	894,533,377
Share premium	24	4,055,609,113	4,053,063,850	4,055,609,113	4,053,063,850
Share premium - treasury share	24	288,424,625	288,424,625	288,424,625	288,424,625
Warrants		4,537,662	5,287,662	-	750,000
Retained earnings					
Appropriated - legal reserve	26	90,600,000	90,600,000	90,600,000	90,600,000
Unappropriated		1,396,560,421	1,320,957,222	597,997,828	782,391,256
Other components of equity		(316,853,024)	(15,972,461)	44,040,342	323,434,890
Equity attributable to owners of the parent		6,413,546,299	6,636,894,275	5,971,339,410	6,433,197,998
Non-controlling interests	27	85,213,104	80,844,383	-	-
Total equity		6,498,759,403	6,717,738,658	5,971,339,410	6,433,197,998
Total liabilities and equity		13,807,710,602	14,724,912,851	13,148,967,459	13,735,750,641

The accompanying notes 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 2017

		Unit: Baht			
		Consolidated		Separate	
		financial statements		financial statements	
Notes		2017	2016	2017	2016
Revenues					
	Services income	7,077,775,712	6,985,962,171	4,209,686,583	4,135,942,004
	Sales	1,893,834,866	1,759,406,683	1,254,486,682	1,085,137,180
	Total revenues	8,971,610,578	8,745,368,854	5,464,173,265	5,221,079,184
Costs					
	Cost of providing services	(5,140,548,348)	(4,871,663,495)	(3,274,199,680)	(3,178,693,531)
	Cost of sales	(817,365,785)	(708,786,960)	(403,470,006)	(342,273,896)
	Total costs	(5,957,914,133)	(5,580,450,455)	(3,677,669,686)	(3,520,967,427)
	Gross profit	3,013,696,445	3,164,918,399	1,786,503,579	1,700,111,757
	Other operating income	734,548,941	578,579,034	952,660,471	1,323,637,260
	Selling expenses	(527,039,786)	(548,990,983)	(322,493,675)	(304,808,601)
	Administrative expenses	(1,835,816,108)	(1,862,791,835)	(1,149,262,197)	(1,250,556,612)
	Finance costs	(139,885,125)	(144,032,127)	(174,784,630)	(175,556,770)
	Share of profit of investments in associates and joint ventures	231,298,996	256,159,527	-	-
	Profit before income tax	1,476,803,363	1,443,842,015	1,092,623,548	1,292,827,034
	Income tax	(279,097,777)	(236,839,223)	(158,686,098)	(87,960,750)
	Profit for the year	1,197,705,586	1,207,002,792	933,937,450	1,204,866,284
Profit attributable to:					
	Owners of the parent	1,193,336,865	1,188,220,917	933,937,450	1,204,866,284
	Non-controlling interests	4,368,721	18,781,875	-	-
		1,197,705,586	1,207,002,792	933,937,450	1,204,866,284
Earnings per share					
	Basic earnings per share	1.33	1.33	1.04	1.35
	Diluted earnings per share	1.33	1.33	1.04	1.35

The accompanying notes 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 2017

		Unit: Baht			
		Consolidated		Separate	
		financial statements		financial statements	
Notes		2017	2016	2017	2016
	Profit for the year	1,197,705,586	1,207,002,792	933,937,450	1,204,866,284
	Other comprehensive income (expense):				
	Items that will not be reclassified subsequently to profit or loss				
	Share of other comprehensive income of associates	746,515	-	-	-
	Income tax relating to the above item	(149,303)	-	-	-
		<u>597,212</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Items that will be reclassified subsequently				
	Remeasuring of available-for-sale investments	8 (349,243,185)	(122,956,625)	(349,243,185)	(122,956,625)
	Currency translation differences	(21,486,015)	3,875,879	-	-
	Income tax relating to the above items	69,848,637	24,591,325	69,848,637	24,591,325
		<u>(300,880,563)</u>	<u>(94,489,421)</u>	<u>(279,394,548)</u>	<u>(98,365,300)</u>
	Total other comprehensive income for the year, net of income tax	<u>(300,283,351)</u>	<u>(94,489,421)</u>	<u>(279,394,548)</u>	<u>(98,365,300)</u>
	Total comprehensive income for the year	<u><u>897,422,235</u></u>	<u><u>1,112,513,371</u></u>	<u><u>654,542,902</u></u>	<u><u>1,106,500,984</u></u>
	Total comprehensive income attributable to:				
	Owners of the parent	893,053,514	1,093,731,496	654,542,902	1,106,500,984
	Non-controlling interests	27 4,368,721	18,781,875	-	-
		<u><u>897,422,235</u></u>	<u><u>1,112,513,371</u></u>	<u><u>654,542,902</u></u>	<u><u>1,106,500,984</u></u>

The accompanying notes 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 2017

	Consolidated financial statements											Unit: Baht		
	Attributable to owners of the parent													
	Issued and paid-up share capital	Share premium - Share treasury share (Note 24)	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
				Appropriated	Unappropriated		Translation of financial statements	Other comprehensive income (expense)	Available-for-sale investment					
			Legal reserve											
Opening balance as at 1 January 2016	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	
Changes in equity for the year														
Proceeds from exercise of warrants (Note 24)	2,013,719	38,223,736	-	(11,257,212)	-	-	-	-	-	-	28,980,243	-	28,980,243	
Warrants	-	-	-	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	
Closing balance as at 31 December 2016	<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>	
Opening balance as at 1 January 2017	894,533,377	4,053,063,850	288,424,625	5,287,662	90,600,000	1,320,957,222	(349,446,941)	10,039,590	323,434,890	(15,972,461)	6,636,894,275	80,844,383	6,717,738,658	
Changes in equity for the year														
Proceeds from exercise of warrants (Note 24)	134,125	2,545,263	-	(750,000)	-	-	-	-	-	-	1,929,388	-	1,929,388	
Dividends payment (Note 33)	-	-	-	-	-	(1,118,330,878)	-	-	-	-	(1,118,330,878)	-	(1,118,330,878)	
Total comprehensive income for the year	-	-	-	-	-	1,193,934,077	-	(21,486,015)	(279,394,548)	(300,880,563)	893,053,514	4,368,721	897,422,235	
Closing balance as at 31 December 2017	<u>894,667,502</u>	<u>4,055,609,113</u>	<u>288,424,625</u>	<u>4,537,662</u>	<u>90,600,000</u>	<u>1,396,560,421</u>	<u>(349,446,941)</u>	<u>(11,446,425)</u>	<u>44,040,342</u>	<u>(316,853,024)</u>	<u>6,413,546,299</u>	<u>85,213,104</u>	<u>6,498,759,403</u>	

The accompanying notes are an integral part of these consolidated and separate financial statements.

Major Cineplex Group Public Company Limited
Statement of Changes in Equity (Cont'd)
For the year ended 31 December 2017

	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	
Opening balance as at 1 January 2016	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
Changes in equity for year									
Additional shares from exercise of warrants (Note 24)	2,013,719	38,223,736	-	(11,257,212)	-	-	-	-	28,980,243
Warrants	-	-	-	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
Closing balance as at 31 December 2016	<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>
Opening balance as at 1 January 2017	894,533,377	4,053,063,850	288,424,625	750,000	90,600,000	782,391,256	323,434,890	323,434,890	6,433,197,998
Changes in equity for year									
Additional shares from exercise of warrants (Note 24)	134,125	2,545,263	-	(750,000)	-	-	-	-	1,929,388
Dividends payment (Note 33)	-	-	-	-	-	(1,118,330,878)	-	-	(1,118,330,878)
Total comprehensive income for the year	-	-	-	-	-	933,937,450	(279,394,548)	(279,394,548)	654,542,902
Closing balance as at 31 December 2017	<u>894,667,502</u>	<u>4,055,609,113</u>	<u>288,424,625</u>	<u>-</u>	<u>90,600,000</u>	<u>597,997,828</u>	<u>44,040,342</u>	<u>44,040,342</u>	<u>5,971,339,410</u>

The accompanying notes 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 2017

		Unit: Baht			
		Consolidated		Separate	
		financial statements		financial statements	
Notes		2017	2016	2017	2016
Cash flows from operating activities					
	Cash generated from operations	2,410,454,639	2,127,101,420	1,206,860,526	973,453,160
	Interest paid	(116,862,236)	(134,545,144)	(154,626,564)	(174,523,139)
	Income tax paid	(301,949,667)	(271,597,587)	(152,626,346)	(144,302,277)
	Net cash generated from operating activities	<u>1,991,642,736</u>	<u>1,720,958,689</u>	<u>899,607,616</u>	<u>654,627,744</u>
Cash flows from investing activities					
	Decrease in restricted cash	4,586,767	(36,246)	-	-
	Short-term loans made to related parties	(2,000,000)	(8,000,000)	(434,661,747)	(609,217,679)
	Receipt from repayment of short-term loans to related parties	5,000,000	-	514,960,460	681,984,907
	Long-term loans made to related parties	(500,000)	(953,500)	(500,000)	(953,500)
	Receipt from repayment of long-term loans to related parties	596,000	589,143	30,596,000	30,583,643
	Loans made to third party	-	20,300	-	20,300
	Payment for short-term investments	(770,000,000)	-	(770,000,000)	-
	Proceeds from disposal of short-term investments	771,156,232	-	771,156,232	-
	Cash receive from acquisition of subsidiary, net of cash payment	-	18,288,581	-	-
	Payments for investment in associates	(311,853,882)	(207,891,950)	(311,853,882)	(207,891,950)
	Proceeds from disposals of investment in associates	171,630,058	63,101,650	171,630,058	63,101,650
	Proceeds from disposals of investment in joint venture	201,796,504	-	201,796,504	-
	Proceeds from disposal of available-for sale investment	466,858,478	386,498,417	466,858,478	386,498,417
	Purchases of property, plant and equipment	(850,595,947)	(1,261,724,795)	(542,328,397)	(900,901,502)
	Proceeds from disposals of property, plant and equipment	14,668,604	4,081,672	1,718,172	994,813
	Purchases of intangible assets	(211,344,695)	(232,736,685)	(12,659,227)	(22,589,340)
	Proceeds from disposals of intangible assets	-	104,112	-	2,857,220
	Dividends received from subsidiaries, associates and joint ventures	219,035,815	208,321,047	334,451,825	636,731,175
	Dividends received from long-term investments	484,904	1,176,122	484,904	1,176,122
	Interest received	5,180,969	3,149,465	21,413,357	40,310,865
	Net cash (used in) received from investing activities	<u>(285,300,193)</u>	<u>(1,026,012,667)</u>	<u>443,062,737</u>	<u>102,705,141</u>

The accompanying notes 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 2017

		Unit: Baht				
		Consolidated		Separate		
		financial statements		financial statements		
Notes		2017	2016	2017	2016	
Cash flows from financing activities						
	Proceeds from short-term loans from related parties	35	-	-	2,509,355,308	2,225,650,928
	Repayments to short-term loans from related parties	35	(2,250,000)	(4,850,000)	(2,240,026,657)	(2,423,631,657)
	Repayment to bank overdrafts		(1,929,941)	(7,574,680)	-	-
	Proceeds from short-term loans from financial institutions		5,493,000,000	8,300,000,000	5,390,000,000	8,195,000,000
	Repayments to short-term loans from financial institutions		(7,178,000,000)	(7,620,000,000)	(7,030,000,000)	(7,620,000,000)
	Repayments to finance lease liabilities		(95,785,749)	(92,472,139)	(5,007,707)	(1,542,387)
	Proceeds from long-term borrowings	20	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
	Repayments long-term borrowings	20	(252,000,000)	(209,000,000)	(252,000,000)	(209,000,000)
	Proceeds from debentures	20	1,500,000,000	-	1,500,000,000	-
	Redemption of debentures	20	(1,000,000,000)	(800,000,000)	(1,000,000,000)	(800,000,000)
	Non-controlling interests invest in subsidiary		-	800,000	-	-
	Proceeds from exercised warrants	25	1,929,388	28,980,243	1,929,388	28,980,243
	Dividends paid to shareholders		(1,129,149,733)	(1,072,015,907)	(1,118,316,523)	(1,072,103,126)
	Net cash used in financing activities		<u>(1,664,186,035)</u>	<u>(476,132,483)</u>	<u>(1,244,066,191)</u>	<u>(676,645,999)</u>
	Net increase in cash and cash equivalents		42,156,508	218,813,539	98,604,162	80,686,886
	Opening balance of cash and cash equivalents		530,873,228	312,059,689	173,652,272	92,965,386
	Closing balance of cash and cash equivalents	7	<u>573,029,736</u>	<u>530,873,228</u>	<u>272,256,434</u>	<u>173,652,272</u>

Non-cash transactions

Significant non-cash transactions are as follows:

Dividends payable	14,355	10,863,780	14,355	30,570
Dividends receivable	-	4,499,990	-	119,916,000
Receivable from disposal of available-for-sale investment	68,257,005	73,010,874	68,257,005	73,010,874
Receivable from disposal of investment in associate	46,691,467	-	46,691,467	-
Reclassification other non-current asset to leasehold right	-	60,000,000	-	60,000,000
Prepaid long-term rents, not yet paid	-	10,000,000	-	10,000,000

The accompanying notes 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 19 February 2018.

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 Revised financial reporting standards, and related interpretations

2.2.1 Revised financial reporting standards and interpretations are effective on 1 January 2017 which are relevant but do not have a significant impact to the Group:

TAS 1 (revised 2016)	Separate 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

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Group. The Group has not yet adopted these revised standards.

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

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

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

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

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

The Group's management assessed and considered that the above revised standards will not have a material impact on the Group except for disclosure

2 Accounting policies (Cont'd)

2.3 Group accounting - investments in subsidiaries and associates and in joint arrangements

1) Subsidiaries

Subsidiaries are all entities (including 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 except business combination under common control. 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 in profit or loss. 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.

A list of the Group's principal subsidiaries are shown in the Note 12.

2) 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.

3) Disposal of subsidiaries

When the Group ceases to have control it shall cease to consolidate its subsidiaries. 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.

2 Accounting policies (Cont'd)

2.3 Group accounting - investments in subsidiaries and associates and in joint arrangements (Cont'd)

4) Business combination under common control

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

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

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

5) Associates

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

6) Joint arrangements

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

Joint operations

A joint operation is a joint arrangement whereby the Group has rights to the assets, and obligations for the liabilities relating to the arrangement. The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Joint venture

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

The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using equity method.

2 Accounting policies (Cont'd)

2.3 Group accounting - investments in subsidiaries and associates and in joint arrangements (Cont'd)

7) Accounting under equity method

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

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

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

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

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

8) Separate financial statement

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

2.4 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated 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.

2 Accounting policies (Cont'd)

2.4 Foreign currency translation (Cont'd)

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.

2.5 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.

Available for sale investments are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

2 Accounting policies (Cont'd)

2.8 Investments (Cont'd)

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.

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

2.10 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

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use or sell;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 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.

Leases of property, plant or equipment where the lessee 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.

2 Accounting policies (Cont'd)

2.13 Leases (Cont'd)

Leases - where the Group is the lessee (Cont'd)

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

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

2.14 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 contribution and defined benefit 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 defined benefit plan.

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. (They are included in retained earnings in the statements of changes in equity.)

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
- Including 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, and interim dividend are approved by the Board of Directors.

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 following table presents the Group's financial assets and liabilities that are measured at fair value. See note 8 for disclosure of the available-for-sale investment that are measured at fair value.

As at 31 December 2017

	<u>Level 1 Baht</u>
Assets	
Available-for-sale financial assets	
Equity securities	
Media and publishing industry	67,095,427

As at 31 December 2016

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

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the closing price by reference to National Stock Exchange of India Limited. 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, 5.9% instead of 4.9%), Goodwill of every businesses will not be impaired. 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.

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

4.1 Critical accounting estimates and assumptions (Cont'd)

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.

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.

6 Segment information

Financial information by business segment is follows:

	Unit: Million Baht					
	Consolidated financial statements					
For the year ended 31 December 2017	Cinema business	Advertising business	Bowling and Karaoke business	Rental and services business	Movie content business	Total
Revenues						
- Gross segment revenues	7,368	1,043	511	525	421	9,868
- Inter segment revenues	(556)	-	(56)	(92)	(193)	(897)
Net revenues	6,812	1,043	455	433	228	8,971
Segment results	547	738	(15)	(24)	(267)	979
Compensation income						49
Gain on disposal of investment						498
Unallocated expense						(141)
Operating profit						1,385
Finance costs						(140)
Share of profit of associates and joint ventures						231
Profit before income tax						1,476
Income tax						(278)
Net profit						1,198
Segment fixed assets	5,710	21	544	900	11	7,186
Investments in associates and interest in joint ventures						3,006
Unallocated assets						3,615
Consolidated total assets						13,807

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6 Segment information (Cont'd)

	Consolidated financial statements					Unit: Million Baht
	Cinema business	Advertising business	Bowling and Karaoke business	Rental and services business	Movie content business	Total
For the year ended 31 December 2016						
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						<u>(144)</u>
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)

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	
	2017	2016	2017	2016
Cash on hand	41,199,715	42,570,698	29,225,416	30,748,394
Deposits held at call with banks	531,830,021	488,302,530	243,031,018	142,903,878
Cash and cash equivalents	<u>573,029,736</u>	<u>530,873,228</u>	<u>272,256,434</u>	<u>173,652,272</u>

The effective interest rates on short-term bank deposit are ranging from 0.30% to 2.25% per annum (2016: 0.10% to 0.37% per annum).

8 Available-for-sale investment

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

	Unit: Baht	
	Consolidated and Separate financial statements	
	2017	2016
Opening book value	512,698,612	748,530,498
Disposal at cost	(96,360,000)	(112,875,261)
Realised gain	(438,755,483)	(346,634,030)
Gain (loss) on exchange rate	(12,079,125)	(14,778,177)
Change in fair value of investments	101,591,423	238,455,582
Closing book value	<u>67,095,427</u>	<u>512,698,612</u>

The fair values of the investments are as follows:

	Unit: Baht	
	Consolidated and Separate financial statements	
	2017	2016
Cost	12,045,000	108,405,000
Unrealised gain	55,050,427	404,293,612
Fair value	<u>67,095,427</u>	<u>512,698,612</u>

During 2017, the Company disposed available-for-sale investment for a consideration of Baht 535.12 million and realised gain on disposal of investment amounting to Baht 438.76 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 National 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	
	2017	2016	2017	2016
Trade accounts receivable - third parties	469,783,240	638,634,765	134,779,322	131,278,990
Trade accounts receivable - related parties (Note 35)	17,604,784	12,739,615	100,591,069	61,164,952
Unbilled revenue	428,407,786	386,400,007	60,494,528	33,867,924
Total	915,795,810	1,037,774,387	295,864,919	226,311,866
<u>Less</u> Allowance for doubtful accounts	<u>(6,732,086)</u>	<u>(43,593,884)</u>	<u>-</u>	<u>-</u>
Trade accounts receivable, net	909,063,724	994,180,503	295,864,919	226,311,866
Amounts due from related parties (Note 35)	31,198,334	69,473,283	246,859,864	334,798,246
Other accounts receivable	159,621,886	150,855,347	137,218,031	132,067,929
Prepaid expenses	82,229,415	41,805,669	24,310,077	19,217,644
Trade account and other receivables	<u>1,182,113,359</u>	<u>1,256,314,802</u>	<u>704,252,891</u>	<u>712,395,685</u>

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Unbilled revenue	433,722,112	387,444,295	61,005,967	33,867,924
Trade accounts receivable				
Current	240,410,840	264,235,989	145,039,964	86,154,678
Overdue less than 3 months	176,561,562	180,998,295	72,539,122	85,254,698
3 - 6 months	23,984,753	35,912,437	1,534,245	12,813,909
6 - 12 months	13,276,669	133,649,357	992,281	7,217,687
Over 12 months	27,839,874	35,534,014	14,753,340	1,002,970
Total	915,795,810	1,037,774,387	295,864,919	226,311,866
<u>Less</u> Allowance for doubtful accounts	<u>(6,732,086)</u>	<u>(43,593,884)</u>	<u>-</u>	<u>-</u>
Trade accounts receivable, net	<u>909,063,724</u>	<u>994,180,503</u>	<u>295,864,919</u>	<u>226,311,866</u>

10 Inventories

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Foods and beverages	121,981,288	78,087,657	87,061,289	50,456,727
VCD and DVD, net of allowance	1,462,559	4,825,959	-	-
Supplies and others	17,425,009	14,896,519	12,273,764	11,233,844
Inventories, net	<u>140,868,856</u>	<u>97,810,135</u>	<u>99,335,053</u>	<u>61,690,571</u>

Cost of inventory was recognised as an expense and included in cost of sales amounting to Baht 551.09 million and Baht 400.71 million in the Consolidated and separate income statements, respectively (2016: Baht 476.39 million and Baht 337.19 million).

The Group recorded reversal of loss from obsolescence and allowance for diminution in value in the consolidated income statement for the year ended 31 December 2017 amounting to Baht 4.96 million (2016: Charged of Baht 18.41 million).

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11 Other current assets

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Value added tax receivable	66,080,519	91,559,478	27,846,251	33,627,034
Withholding tax deducted at sources	32,307,253	43,026,517	5,692,646	381,168
Others	40,158,058	57,042,322	11,831,402	26,549,677
	<u>138,545,830</u>	<u>191,628,317</u>	<u>45,370,299</u>	<u>60,557,879</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	
	2017	2016
Associates	2,969,458,728	2,751,690,359
Joint ventures	37,405,758	288,167,915

Share of profit (loss) recognised in the income statement are as follows:

	Unit: Baht	
	Consolidated financial statements	
	2017	2016
Associates	232,704,573	250,824,492
Joint ventures	(1,405,577)	5,335,035
	<u>231,298,996</u>	<u>256,159,527</u>

(a) Investment in associates

Summarised statement of financial position

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Opening net book amount	2,751,690,359	2,525,403,524	2,501,310,195	2,323,374,428
Additions	311,853,882	207,891,950	311,853,882	207,891,950
Disposals	(112,851,473)	(33,365,449)	(97,090,399)	(29,956,183)
Dividends received	(214,535,825)	(194,821,572)	-	-
Deferred gain on disposals of assets to the Property fund (Note 13)	-	(4,242,586)	-	-
Share of results	232,704,573	250,824,492	-	-
Share of results from comprehensive income	597,212	-	-	-
Closing net book amount	<u>2,969,458,728</u>	<u>2,751,690,359</u>	<u>2,716,073,678</u>	<u>2,501,310,195</u>

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

(a) Investment in associates (Cont'd)

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 2017, the Group realised gain on disposals of Baht 16.53 million in the consolidated income statement. (2016: Baht 16.32 million).

Investment in associates included goodwill amounting to Baht 265.01 million. (2016: Baht 246.48 million).

During 2017, the Company received dividends income from associates amounting to Baht 214.54 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")

2017

During the year, the Company made additional investment in SF of 44.23 million shares totalling Baht 311.85 million.

In addition, the Company disposed investment in SF of 30.68 million shares for the considerations of Baht 218.32 million and recognised gain on disposal of investment amounting to Baht 105.47 million, and Baht 121.23 million, which included in "Other income" in the consolidated and separate income statements, respectively.

The aforementioned movements of investment resulted in the change to shareholding percentage from 24.89% to 25.65%.

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.

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 statements.

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%.

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

(a) Investment in associates (Cont'd)

The details of investments in associates in 2017 and 2016 are as follows

	Country of incorporation and place of business	Nature of business	Nature of relationship	% Ownership interest		Measurement method
				31 December 2017	31 December 2016	
Associates						
Siam Future Development Public Company Limited ("SF")	Thailand	Rental of building space and utilities services	Shareholder	25.65	24.89	Equity
Ratchayothin Avenue Co., Ltd.	Thailand	Rental of building space and utilities services	Shareholder Indirect holding via SF	50.00 12.83	50.00 12.45	Equity 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	49.00	Equity

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

(a) Investment in associates (Cont'd)

As at 31 December 2017, the fair value of the Groups interest in SF, which is listed on the Stock Exchange of Thailand, was Baht 3,554.82 million (2016: Baht 2,719.48 million) and the carrying amount of the Group's interest was Baht 1,774.36 million (2016: Baht 1,538.25 million).

As at 31 December 2017, the fair value of the Group's interest in MJLF, which is listed on the Stock Exchange of Thailand, was Baht 1,393.92 million (2016: Baht 1,600.83 million) and the carrying amount of the Group's interest was Baht 1,087.26 million (2016: Baht 1,098.39 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	
	2017	2016	2017	2016	2017	2016
Current assets	671,789,506	415,374,191	226,800,287	251,317,459	898,589,793	666,691,650
Non-current assets	9,845,250,894	8,724,719,765	3,846,253,911	3,925,653,469	13,691,504,805	12,650,373,234
Current liabilities	1,277,998,638	1,496,427,187	19,252,832	36,464,371	1,297,251,470	1,532,891,558
Non-current liabilities	2,733,999,276	1,804,245,357	83,171,080	93,052,983	2,817,170,356	1,897,298,340
Net assets including non-controlling interests	6,505,042,486	5,839,421,412	3,970,630,286	4,047,453,574	10,475,672,772	9,886,874,986
Non-controlling interests	(398,550,721)	(385,294,132)	-	-	(398,550,721)	(385,294,132)
Net assets excluding non-controlling interests	6,106,491,765	5,454,127,280	3,970,630,286	4,047,453,574	10,077,122,051	9,501,580,854

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

(a) Investment in associates (Cont'd)

Summarised statement of comprehensive income

	Unit: Baht					
	SF		MJLF		Total	
	2017	2016	2017	2016	2017	2016
Revenue	1,414,172,980	1,430,908,641	437,735,818	482,318,590	1,851,908,798	1,913,227,231
Profit from continuing operation	538,653,277	488,450,511	231,726,712	358,884,462	770,379,989	847,334,973
Post-tax profit from continuing operations	516,728,402	442,482,461	231,726,712	358,884,462	748,455,114	801,366,923
Other comprehensive income	2,328,310	-	-	-	-	-
Total comprehensive income	519,056,712	442,482,461	231,726,712	358,884,462	750,783,424	801,366,923
Dividends received from associates	89,514,325	64,432,572	101,821,500	109,989,000	191,335,825	174,421,572

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

Summarised financial information	Unit: Baht					
	SF		MJLF		Total	
	2017	2016	2017	2016	2017	2016
Net assets excluding non-controlling interests as at period end	6,106,491,765	5,454,127,280	3,970,630,286	4,047,453,574	10,077,122,051	9,501,580,854
Interest in associate (%)	25.65	24.89	33.00	33.00		
Interest in joint venture	1,566,315,138	1,357,532,280	1,310,307,994	1,335,659,679	2,876,623,132	2,693,191,959
Effect from change of percentage of ownership interest	(32,709,144)	(42,478,001)	-	-	(32,709,144)	(42,478,001)
Adjusted gain from selling assets	-	-	(223,047,711)	(237,268,154)	(223,047,711)	(237,268,154)
Goodwill	241,353,135	223,194,904	-	-	241,353,135	223,194,904
Carrying value	1,774,959,129	1,538,249,183	1,087,260,283	1,098,391,525	2,862,219,412	2,636,640,708

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 equity method.

	Unit: Baht	
	2017	2016
Aggregate carrying amount of individually immaterial associates	107,239,315	115,049,651
Aggregate amounts of the reporting entity's share of profit from continuing activities	15,389,663	13,674,827

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

(b) Investment in joint venture

Movement of interests in joint venture is as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Opening book amount	288,167,915	300,877,587	245,167,525	245,167,525
Disposals	(249,319,932)	-	(245,167,525)	-
Dividends received	-	(17,999,465)	-	-
Share of result	(1,405,577)	5,335,035	-	-
Translation of financial statements	(36,648)	(45,242)	-	-
Closing book amount	<u>37,405,758</u>	<u>288,167,915</u>	<u>-</u>	<u>245,167,525</u>

12 Investments in subsidiaries, associates and interests 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 2017	31 December 2016	
Joint ventures						
PVR blu-O Entertainment Co., Ltd. ("PVR blu-O")	India	Bowling, Karaoke and entertainment	Shareholder	-	49.00	Equity
Joint venture under MPIC						
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

Disposal of investment

During 2017, the Company disposed its entire investment in PVR blu-O for the considerations of Baht 201.80 million and recognised loss from disposal amounting to Baht 47.52 million, and Baht 43.37 million, included in "Other income" in the consolidated and separate income statements, respectively.

12 Investments in subsidiaries, associates and interests 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 has interests in individually immaterial joint ventures that are accounted for using equity method.

	Unit: Baht	
	2017	2016
Aggregate carrying amount of individually immaterial joint ventures	<u>37,405,758</u>	<u>288,167,915</u>
Aggregate amounts of the reporting entity's share of profit from continuing activities	<u>(1,405,577)</u>	<u>5,335,035</u>

(c) Investment in subsidiaries

Movements of investment in subsidiaries can be analysed as follows:

	Unit: Baht	
	Separate financial statements	
	2017	2016
Investment in subsidiaries	3,742,768,546	3,742,768,546
<u>Less</u> Allowance for impairment	<u>(122,354,600)</u>	<u>(122,354,600)</u>
Investment in subsidiaries, net	<u>3,620,413,946</u>	<u>3,620,413,946</u>
For the years ended 31 December		
Opening net book amount	3,620,413,946	3,741,268,546
Impairment of investment	-	(120,854,600)
Closing net book amount	<u>3,620,413,946</u>	<u>3,620,413,946</u>

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

(c) Investment in subsidiaries (Cont'd)

During 2016, the Company received dividends income from subsidiaries amounting to Baht 561.82 million (2017: none), which was recognised as "Other income" in the Company income statement.

Additional of investment in subsidiaries

2016

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.

Impairment of investment

Ratchayothin Cinema Co., Ltd. ("RCM")

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

12 Investments in subsidiaries, associates and interests 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	
				2017	2016
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.	Thailand	Customer relationship management loyalty program, E-payment and coupon Kiosk	Shareholder	99.99	99.99
Subsidiary under EGV					
EGV Exhibition Co., Ltd.	Thailand	Cinema services	Indirect shareholding	99.96	99.96
Subsidiaries under MPIC					
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	55.48

12 Investments in subsidiaries, associates and interests 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	
				2017	2016
Subsidiary under MVD					
Pacific Media Sale Co., Ltd.	Thailand	Distribution of CD, VCD and DVD	Indirect shareholding	91.91	91.91
Subsidiaries under MHD					
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	59.98
Cineplex (Lao) Co., Ltd. ("CNP")	Lao People's Democratic Republic	Cinema services	Indirect shareholding	99.99	99.99

The comprehensive income for the year for non-controlling interests is amounting to Baht 4.37 million, of which a loss amounting to Baht 7.64 million belongs to MPIC.

Summarised financial information on subsidiaries with material non-controlling interests

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

Summarised statement of financial position

	Unit: Baht	
	2017	2016
Current		
Assets	428,107,636	690,814,954
Liabilities	148,994,366	261,541,462
Total current net assets	279,113,270	429,273,492
Non-current		
Assets	255,336,742	268,521,436
Liabilities	5,013,869	5,052,113
Total non-current net assets	250,322,873	263,469,323
Net assets	529,436,143	692,742,815

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

(c) Principal subsidiaries (Cont'd)

Summarised statement of comprehensive income

	Unit: Baht	
	MPIC	
	2017	2016
Revenue	422,678,521	491,721,587
Loss before income tax	(153,517,921)	(80,065,527)
Income tax expense	(9,752,103)	(5,246,022)
Post-tax loss from continuing operations	(163,270,024)	(85,311,549)
Other comprehensive (loss) income	(36,647)	(44,747)
Total comprehensive loss	(163,306,671)	(85,356,296)
Total comprehensive loss allocated to non-controlling interests	(7,637,680)	(2,327,121)

Summarised statement of cash flows

	Unit: Baht	
	MPIC	
	2017	2016
Cash flow from operating activities		
Cash generated from operations	166,786,522	132,871,834
Interest received	500,216	518,961
Interest paid	(5,140,045)	(2,623,537)
Income tax received	23,973,696	29,133,639
Income tax paid	(5,311,921)	(16,056,453)
Net cash generated from operating activities	180,808,468	143,844,444
Net cash used in investing activities	(193,351,641)	(198,371,419)
Net cash from (used in) financing activities	(47,135,559)	98,034,433
Net (decrease) increase in cash and cash equivalents	(59,678,732)	43,507,458
Cash and cash equivalents at beginning of year	133,227,353	89,719,895
Cash and cash equivalents at end of year	73,548,621	133,227,353

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

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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
As at 1 January 2016									
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>
For the year ended 31 December 2016									
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	-	-	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>
As at 31 December 2016									
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
<u>Less</u> 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>

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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
For the year ended 31 December 2017									
Opening net book value	208,316,998	882,437,771	2,272,556,195	854,413,823	3,087,139,741	158,208,653	8,719,565	119,412,688	7,591,205,434
Exchange differences	-	-	(11,495,624)	(1,100,334)	(1,639,320)	(2,315,568)	(7,634)	-	(16,558,480)
Additions	-	2,136,889	150,256,918	73,399,900	202,834,531	31,788,496	1,861,972	242,938,871	705,217,577
Transfer	-	311,890	92,796,462	19,012,620	170,426,257	25,877,370	-	(308,424,599)	-
Disposals, net	-	-	(2,597,544)	(1,202,300)	(5,470,958)	(5,372)	(1)	-	(9,276,175)
Write-off, net	-	(2,030,278)	(2,200,213)	(910,590)	(7,930,835)	(273,099)	-	(3,061,442)	(16,406,457)
Depreciation charge	-	(93,510,693)	(243,257,070)	(99,857,528)	(516,902,689)	(89,109,757)	(2,827,800)	-	(1,045,465,537)
Impairment charge, net	-	(4,614,714)	-	(2,836,640)	(14,835,858)	-	-	-	(22,287,212)
Closing net book value	<u>208,316,998</u>	<u>784,730,865</u>	<u>2,256,059,124</u>	<u>840,918,951</u>	<u>2,913,620,869</u>	<u>124,170,723</u>	<u>7,746,102</u>	<u>50,865,518</u>	<u>7,186,429,150</u>
As at 31 December 2017									
Cost	208,316,998	1,849,711,750	4,590,639,806	1,726,094,329	6,898,375,119	621,144,823	28,351,505	50,865,518	15,973,499,848
Less Accumulated depreciation	-	(1,060,366,171)	(2,334,580,682)	(879,647,627)	(3,903,743,915)	(496,672,123)	(20,605,403)	-	(8,695,615,921)
Allowance for impairment	-	(4,614,714)	-	(5,527,751)	(81,010,335)	(301,977)	-	-	(91,454,777)
Net book value	<u>208,316,998</u>	<u>784,730,865</u>	<u>2,256,059,124</u>	<u>840,918,951</u>	<u>2,913,620,869</u>	<u>124,170,723</u>	<u>7,746,102</u>	<u>50,865,518</u>	<u>7,186,429,150</u>

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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
As at 1 January 2016								
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>
For the year ended 31 December 2016								
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>
As at 31 December 2016								
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>

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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
For the year ended 31 December 2017								
Opening net book value	173,406,998	1,710,897,562	546,685,258	1,868,580,210	100,144,187	6,468,349	65,356,269	4,471,538,833
Additions	-	68,942,959	52,412,608	97,275,508	21,592,855	1,861,971	187,166,361	429,252,262
Transfer	-	62,889,593	16,511,200	114,599,081	24,070,910	-	(218,070,784)	-
Disposals, net	-	(1,357,118)	(58,341)	(3,487,191)	(44,801)	(1)	-	(4,947,452)
Write-off, net	-	(3,093,741)	(674,368)	(4,139,502)	(11)	-	(3,016,442)	(10,924,064)
Depreciation charge	-	(182,224,153)	(59,620,632)	(290,992,976)	(63,346,880)	(2,107,387)	-	(598,292,028)
Impairment charge, net	-	(4,614,714)	(597,537)	(133,522)	-	-	-	(5,345,773)
Closing net book value	<u>173,406,998</u>	<u>1,651,440,388</u>	<u>554,658,188</u>	<u>1,781,701,608</u>	<u>82,416,260</u>	<u>6,222,932</u>	<u>31,435,404</u>	<u>4,281,281,778</u>
As at 31 December 2017								
Cost	173,406,998	3,152,483,952	871,165,563	3,422,976,988	412,780,528	18,433,251	31,435,404	8,082,682,684
<u>Less</u> Accumulated depreciation	-	(1,496,428,850)	(315,909,838)	(1,607,886,099)	(330,364,268)	(12,210,319)	-	(3,762,799,374)
Allowance for impairment	-	(4,614,714)	(597,537)	(33,389,281)	-	-	-	(38,601,532)
Net book value	<u>173,406,998</u>	<u>1,651,440,388</u>	<u>554,658,188</u>	<u>1,781,701,608</u>	<u>82,416,260</u>	<u>6,222,932</u>	<u>31,435,404</u>	<u>4,281,281,778</u>

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13 Property, plant and equipment (Cont'd)

Classification of depreciation

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Costs of providing services	778.23	727.01	412.04	374.53
Administrative expense	267.24	255.82	186.25	174.80
Total depreciation	1,045.47	982.83	598.29	549.33

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 2017, the land and buildings with the net book value of 36.29 million (2016: Baht 37.03 million) have been pledged under the land and building long-term lease agreement with Major Cineplex Lifestyle Leasehold Property Fund. According to the agreement, the Group is unable to sell, lease or use these assets as collateral to other parties.

During 2017, an impairment charge of Baht 22.25 million for building, construction, tool, equipment and utility system 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:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cost - capitalised finance leases	605,589,382	605,589,382	19,231,683	19,231,683
<u>Less</u> Accumulated depreciation	<u>(481,969,767)</u>	<u>(403,173,227)</u>	<u>(6,143,171)</u>	<u>(5,502,526)</u>
Net book amount	<u>123,619,615</u>	<u>202,416,155</u>	<u>13,088,512</u>	<u>13,729,157</u>

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14 Goodwill

	Unit: Baht	
	Consolidated financial statements	
	2017	2016
As at 1 January		
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>
For the years ended 31 December		
Opening net book value	205,380,716	238,328,810
Impairment charge (Note 29)	-	(32,948,094)
Closing net book value	<u>205,380,716</u>	<u>205,380,716</u>
As at 31 December		
Cost	205,380,716	337,065,399
<u>Less</u> Allowance for impairment	<u>-</u>	<u>(131,684,683)</u>
Net book value	<u>205,380,716</u>	<u>205,380,716</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.

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
Goodwill allocation						
For the year ended 31 December 2017 and 2016						
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:

	Cinema business	Rental and services business	Movie content business
Gross margin ¹ (%)	26.57	12.63	32.11
Growth rate ² (%)	0.81	5.00	1.20
Discount rate ³ (%)	7.52	9.60	4.90
Recoverable amount of the CGU (million baht)	4,378	957	592

¹ Budgeted gross margin.

² Weighted average growth rate used to extrapolate cash flows beyond the budget period.

³ 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.

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15 Intangible assets

	Consolidated			Unit: Baht
	financial statements			Separate
	Film rights	Computer program	Total	financial statements
				Computer program
As at 1 January 2016				
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>
For the year ended 31 December 2016				
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	-	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, 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>
As at 31 December 2016				
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>
For the year ended 31 December 2017				
Opening net book value	65,619,399	55,171,349	120,790,748	44,931,512
Exchange differences	-	284,003	284,003	-
Additions	190,085,357	15,050,191	205,135,548	12,659,227
Write-off, net	-	(19,154)	(19,154)	(18,613)
Amortisation	(221,507,978)	(24,241,935)	(245,749,913)	(20,827,195)
Impairment charge	19,956,286	-	19,956,286	-
Closing net book value	<u>54,153,064</u>	<u>46,244,454</u>	<u>100,397,518</u>	<u>36,744,931</u>
At 31 December 2017				
Cost	1,577,137,592	179,742,932	1,756,880,524	152,908,400
<u>Less</u> Accumulated amortisation	(1,494,988,260)	(132,352,234)	(1,627,340,494)	(116,163,469)
Allowance for impairment	(27,996,268)	(1,146,244)	(29,142,512)	-
Net book value	<u>54,153,064</u>	<u>46,244,454</u>	<u>100,397,518</u>	<u>36,744,931</u>

Classification of amortisation

	Unit: Million Baht			
	Consolidated		Separate	
	2017	2016	2017	2016
Cost of sales	221.77	158.66	-	-
Administrative expenses	23.98	30.61	20.83	24.57
Total amortisation	<u>245.75</u>	<u>189.27</u>	<u>20.83</u>	<u>24.57</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	
	2017	2016	2017	2016
Deferred tax assets:				
Deferred tax asset to be recovered within 12 months	25,491,836	26,320,233	3,028,701	3,287,767
Deferred tax asset to be recovered after more than 12 months	91,213,177	106,594,234	58,432,527	61,882,887
	<u>116,705,013</u>	<u>132,914,467</u>	<u>61,461,228</u>	<u>65,170,654</u>
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	(30,045,045)	(31,238,268)	(946,771)	(697,590)
Deferred tax liability to be settled after more than 12 months	(278,115,460)	(370,111,049)	(24,808,422)	(94,162,526)
	<u>(308,160,505)</u>	<u>(401,349,317)</u>	<u>(25,755,193)</u>	<u>(94,860,116)</u>
Deferred tax, net	<u>(191,455,492)</u>	<u>(268,434,850)</u>	<u>35,706,035</u>	<u>(29,689,462)</u>

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
As at 1 January	(268,434,850)	(322,079,170)	(29,689,462)	(86,927,861)
Debited (Credited) to profit or loss (Note 31)	7,130,721	29,052,995	(4,453,140)	32,647,074
Tax charged directly to equity	69,848,637	24,591,325	69,848,637	24,591,325
As at 31 December	<u>(191,455,492)</u>	<u>(268,434,850)</u>	<u>35,706,035</u>	<u>(29,689,462)</u>

16 Deferred income taxes (Cont'd)

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

	Consolidated financial statements			Unit: Baht
	As at 1 January 2016	Charged (credited) to profit or loss	Charged directly to equity	As at 31 December 2016
Deferred tax assets				
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
Total	122,287,323	10,627,144	-	132,914,467
Deferred tax liabilities				
Available-for-sale investment	(105,450,048)	-	24,591,325	(80,858,723)
Investment in associates and 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)
Total	(444,366,493)	18,425,851	24,591,325	(401,349,317)
Deferred tax, net	(322,079,170)	29,052,995	24,591,325	(268,434,850)

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 1 January 2017	Charged (credited) to profit or loss	Charged directly to equity	As at 31 December 2017
Deferred tax assets				
Impairment loss of investment	28,470,920	(1,697,289)	-	26,773,631
Impairment-Inventory	1,800,000	(1,480,000)	-	320,000
Amortisation of film right	4,172,135	6,727,201	-	10,899,336
Depreciation	6,022,067	3,133,246	-	9,155,313
Impairment loss of assets	6,002,746	(2,442,047)	-	3,560,699
Fixed assets under				
finance lease contracts	19,086,919	(5,246,608)	-	13,840,311
Prepaid rents	325,264	(23,372)	-	301,892
Finance lease liabilities	35,837,983	(15,512,142)	-	20,325,841
Employee benefit	7,774,436	(477,496)	-	7,296,940
Provision for customers loyalty program	2,103,274	41,079	-	2,144,353
Subsidy for construction received	21,318,723	767,974	-	22,086,697
Total	132,914,467	(16,209,454)	-	116,705,013
Deferred tax liabilities				
Available-for-sale investment	(80,858,723)	-	69,848,637	(11,010,086)
Investment in associates and joint ventures	(52,508,598)	(3,668,492)	-	(56,177,090)
Amortisation	(1,028,263)	(228,734)	-	(1,256,997)
Finance lease receivables	(2,357,083)	45,705	-	(2,311,378)
Depreciation	(78,601,736)	14,477,615	-	(64,124,121)
Prepaid rental and services income	(185,994,914)	12,714,081	-	(173,280,833)
Total	(401,349,317)	23,340,175	69,848,637	(308,160,505)
Deferred tax, net	(268,434,850)	7,130,721	69,848,637	(191,455,492)

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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 1 January 2016	Charged (credited) to profit or loss	Charged directly to Equity	As at 31 December 2016
Deferred tax assets				
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
Total	34,238,454	30,932,200	-	65,170,654
Deferred tax liabilities				
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)
Total	(121,166,315)	1,714,874	24,591,325	(94,860,116)
Deferred tax, net	(86,927,861)	32,647,074	24,591,325	(29,689,462)

	Separate financial statements			Unit: Baht
	As at 1 January 2017	Charged (credited) to profit or loss	Charged directly to Equity	As at 31 December 2017
Deferred tax assets				
Impairment loss of investment	24,470,920	-	-	24,470,920
Impairment-Inventory	1,800,000	(1,480,000)	-	320,000
Depreciation	256,991	(127,859)	-	129,132
Provision for impairment of assets	5,395,814	(2,293,897)	-	3,101,917
Finance lease liabilities	4,215,746	10,788	-	4,226,534
Employee benefit	5,609,186	(627,511)	-	4,981,675
Provision for customers loyalty program	2,103,274	41,079	-	2,144,353
Subsidy for construction received	21,318,723	(767,974)	-	22,086,697
Total	65,170,654	(3,709,426)	-	61,461,228
Deferred tax liabilities				
Available-for-sale investment	(80,858,723)	-	69,848,637	(11,010,086)
Amortisation	(569,460)	(366,429)	-	(935,889)
Depreciation	(13,431,933)	(377,285)	-	(13,809,218)
Total	(94,860,116)	(743,714)	69,848,637	(25,755,193)
Deferred tax, net	(29,689,462)	(4,453,140)	69,848,637	35,706,035

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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	
	2017	2016	2017	2016
Deferred tax assets	49,913,536	9,066,047	35,706,035	-
Deferred tax liabilities	(241,369,028)	(277,500,897)	-	(29,689,462)
Deferred tax, net	<u>(191,455,492)</u>	<u>(268,434,850)</u>	<u>35,706,035</u>	<u>(29,689,462)</u>

17 Prepaid rents

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current portion	44,891,024	44,665,434	20,037,034	19,978,111
Long-term portion	630,626,159	609,467,930	396,626,389	355,558,616
Total prepaid rents	<u>675,517,183</u>	<u>654,133,364</u>	<u>416,663,423</u>	<u>375,536,727</u>

As at 31 December 2016, leasehold right of the Group with the net book value of Baht 18.00 million is pledged as collateral for bank borrowings (2017: None).

18 Other non-current assets

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deposits	273,921,439	260,689,724	178,857,446	171,861,313
Others	11,176,714	7,389,890	8,705,150	7,389,890
	<u>285,098,153</u>	<u>268,079,614</u>	<u>187,562,596</u>	<u>179,251,203</u>

19 Trade account and other payables

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade account payables - third parties	604,016,708	573,813,077	408,245,190	351,931,663
Trade account payables - related parties (Note 35)	20,344,212	8,261,762	72,845,575	78,577,437
Amounts due to related parties (Note 35)	48,043,010	23,211,641	44,300,031	26,645,397
Other payables	256,937,472	395,678,542	165,263,317	259,718,277
Accrued expenses	395,020,565	410,431,776	246,959,654	208,796,810
Rental and service incomes received in advance	<u>350,338,306</u>	<u>349,842,664</u>	<u>282,709,870</u>	<u>272,144,786</u>
Trade account and other payables	<u>1,674,700,273</u>	<u>1,761,239,462</u>	<u>1,220,323,637</u>	<u>1,197,814,370</u>

Rental and service incomes received in advance included cash advanced from customers amounting to Baht 54.99 million (2016: Baht 55.20 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.

20 Borrowings

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current				
Bank overdrafts	-	1,929,940	-	-
Short-term loans from financial institutions	1,459,889,523	3,136,055,974	1,399,889,523	3,031,055,974
Total bank overdrafts and short-term loans from financial institutions	1,459,889,523	3,137,985,914	1,399,889,523	3,031,055,974
Current portion of long-term borrowings:				
- Finance lease liabilities	70,591,197	85,408,236	6,012	1,632,360
- Bank borrowings	588,000,000	252,000,000	588,000,000	252,000,000
- Debentures	-	1,000,000,000	-	1,000,000,000
Total current portion of long-term borrowings	658,591,197	1,337,408,236	588,006,012	1,253,632,360
Non-current portion of long-term borrowings				
- Finance lease liabilities	134,355,459	204,914,342	21,126,659	21,132,671
- Bank borrowings	971,000,000	559,000,000	971,000,000	559,000,000
- Debentures	1,500,000,000	-	1,500,000,000	-
Total non-current portion of long-term borrowings	2,605,355,459	763,914,342	2,492,126,659	580,132,671
Total borrowings	4,723,836,179	5,239,308,492	4,480,022,194	4,864,821,005

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	
	2017	2016	2017	2016
Borrowings:				
- Fixed rates	4,518,889,523	4,947,055,974	4,458,889,523	4,842,055,974
- Floating rates	-	1,929,940	-	-
	4,518,889,523	4,948,985,914	4,458,889,523	4,842,055,974

20 Borrowings (Cont'd)

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
- Bank overdrafts	6.87 - 7.68	7.37 - 7.68	6.87 - 7.68	7.68 - 7.68
- Bank borrowings	1.85 - 3.04	1.90 - 3.04	1.85 - 3.04	1.90 - 3.04
- Debentures	2.49 - 2.80	4.60 - 4.60	2.49 - 2.80	4.60 - 4.60

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

	Unit: Baht			
	Consolidated financial statements			
	Carrying amounts		Fair values	
	2017	2016	2017	2016
Long-term bank borrowings	971,000,000	559,000,000	1,675,947,468	739,384,970
Debentures	1,500,000,000	-	1,526,900,000	1,013,700,000
	<u>2,471,000,000</u>	<u>559,000,000</u>	<u>3,202,847,468</u>	<u>1,753,084,970</u>
	Unit: Baht			
	Separate financial statements			
	Carrying amounts		Fair values	
	2017	2016	2017	2016
Long-term bank borrowings	971,000,000	559,000,000	1,675,947,468	739,384,970
Debentures	1,500,000,000	-	1,526,900,000	1,013,700,000
	<u>2,471,000,000</u>	<u>559,000,000</u>	<u>3,202,847,468</u>	<u>1,753,084,970</u>

The fair value of current borrowings equals to 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	
	2017	2016	2017	2016
Not later than 1 year	74,918,165	92,442,716	1,696,626	1,632,360
Later than 1 year but not later than 5 years	119,889,991	192,696,285	7,224,798	7,055,135
Later than 5 years	40,072,313	42,151,869	38,377,412	40,243,701
	<u>234,880,469</u>	<u>327,290,870</u>	<u>47,298,836</u>	<u>48,931,196</u>
<u>Less</u> Future finance charges on finance leases	<u>(29,933,813)</u>	<u>(36,968,292)</u>	<u>(26,166,165)</u>	<u>(26,166,165)</u>
Present value of finance lease liabilities	<u>204,946,656</u>	<u>290,322,578</u>	<u>21,132,671</u>	<u>22,765,031</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	
	2017	2016	2017	2016
Not later than 1 year	70,591,197	85,408,236	6,012	1,632,360
Later than 1 year but not later than 5 years	112,476,905	182,730,906	497,595	303,641
Later than 5 years	21,878,554	22,183,436	20,629,064	20,829,030
	<u>204,946,656</u>	<u>290,322,578</u>	<u>21,132,671</u>	<u>22,765,031</u>

Bank borrowings

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Opening balance	811,000,000	20,000,000	811,000,000	20,000,000
Additions	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Repayments	<u>(252,000,000)</u>	<u>(209,000,000)</u>	<u>(252,000,000)</u>	<u>(209,000,000)</u>
Closing balance	<u>1,559,000,000</u>	<u>811,000,000</u>	<u>1,559,000,000</u>	<u>811,000,000</u>

Maturity of bank borrowings is as follows:

Within 1 year	588,000,000	252,000,000	588,000,000	252,000,000
Between 1 year and 2 years	971,000,000	504,000,000	971,000,000	504,000,000
Between 2 years and 5 years	-	55,000,000	-	55,000,000
	<u>1,559,000,000</u>	<u>811,000,000</u>	<u>1,559,000,000</u>	<u>811,000,000</u>

As at 31 December 2017, long-term bank borrowings bear interest at the rates ranging from 2.85% to 3.04% per annum (2016: 3.04% to 4.60% per annum).

Short-term loans from financial institutions represent bills of exchange and promissory notes denominated in Thai Baht bearing interest at the rates ranging from 1.85% to 3.04% per annum (2016: 1.90% to 3.04% per annum).

Debentures

	Unit: Baht	
	Consolidated financial statements	Separate financial statements
Opening amount	1,000,000,000	1,000,000,000
Issuance of debenture	1,500,000,000	1,500,000,000
Redemption of debenture	<u>(1,000,000,000)</u>	<u>(1,000,000,000)</u>
Closing amount	<u>1,500,000,000</u>	<u>1,500,000,000</u>

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20 Borrowings (Cont'd)

Debentures (Cont'd)

The Company issued a straight, unsecured and unsubordinated Baht debentures at face 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	12 September 2017	12 September 2022	1,000	2.80
4 years	6 October 2017	6 October 2021	500	2.49

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 and for operation and expansion of its business.

Borrowing facilities

As at 31 December 2017, the available credit facilities from financial institutions of the Group and the Company are Baht 5,718.33 million, and Baht 5,328.33 million, respectively, (2016: Baht 6,562.53 million, and Baht 6,098.14 million, respectively). The facilities expiring within 3 years are subjected to review when due and are purposed to be used for construction of theaters and for working capital.

21 Other current liabilities

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Undue output value added tax	30,246,978	38,034,570	10,906,561	8,602,609
Provision for customers loyalty program	10,721,766	10,516,369	10,721,766	10,516,369
Provision for goods returns	1,945,057	1,945,057	-	-
Others	32,542,892	35,228,877	12,827,296	18,419,139
	<u>75,456,693</u>	<u>85,724,873</u>	<u>34,455,623</u>	<u>37,538,117</u>

22 Employee benefit obligations

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Statement of financial position				
Liability in the statement of financial position	<u>38,894,800</u>	<u>41,384,449</u>	<u>24,908,376</u>	<u>28,045,929</u>
Profit or loss charge included in operating profit for:				
Retirement benefits	<u>(2,489,649)</u>	<u>5,095,356</u>	<u>(3,137,553)</u>	<u>2,917,712</u>

Retirement benefits

Retirement benefits are final salary retirement plans. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

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	
	2017	2016	2017	2016
As at 1 January	41,384,449	36,289,093	28,045,929	25,128,217
Past service cost	(2,277,714)	-	(1,386,465)	-
Current service cost	3,567,671	4,070,216	2,033,615	2,205,074
Interest expense	895,332	1,025,140	607,825	712,638
Benefit paid	(4,674,938)	-	(4,392,528)	-
	<u>38,894,800</u>	<u>41,384,449</u>	<u>24,908,376</u>	<u>28,045,929</u>

The principal actuarial assumptions used were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	%	%	%	%
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	
	2017	2016	2017	2016	2017	2016
Discount rate	1%	1%	Decrease by 8%	Decrease by 8%	Increase by 9%	Increase by 9%
Salary growth rate	1%	1%	Increase by 11%	Increase by 10%	Decrease by 10%	Decrease by 9%
Turnover rate	20%	20%	Decrease by 18%	Decrease by 16%	Increase by 27%	Increase by 24%
Mortality improvement rates	1%	1%	Decrease by 0%	Decrease by 0%	Decrease by 1%	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.

The average duration of the defined benefit obligation is 11 years (2016: 12 years).

22 Employee benefit obligations (Cont'd)

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

	Consolidated financial statements				Total Baht
	Less than a year Baht	Between 1 - 2 years Baht	Between 2 - 5 years Baht	Over 5 years Baht	
At 31 December 2017					
Retirement benefits	3,745,732	3,678,310	18,828,952	68,160,900	94,413,894
	Separate financial statements				
	Less than a year Baht	Between 1 - 2 years Baht	Between 2 - 5 years Baht	Over 5 years Baht	Total Baht
At 31 December 2017					
Retirement benefits	2,965,445	2,262,260	4,299,325	49,225,615	58,752,645

23 Other non-current liabilities

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deposit received	244,239,452	252,339,585	23,789,073	27,080,001
Rental and services income received in advance	105,771,439	121,605,127	-	-
Subsidy for construction received	127,454,105	130,483,144	108,524,447	108,205,802
	<u>477,464,996</u>	<u>504,427,856</u>	<u>132,313,520</u>	<u>135,285,803</u>

During 2017, the Company received subsidy for construction from the lessors amounting to Baht 8.36 million in consolidated and separate financial statements, respectively (2016: Baht 34.93 million and Baht 57.08 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 number of shares	Issued and fully paid-up		
		Number of shares	Ordinary shares Baht	Share premium Baht
As at 1 January 2016	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
As at 31 December 2016	896,266,347	894,533,377	894,533,377	4,053,063,850
Issuance of shares				
- Exercised warrant - ESOP-W4	-	134,125	134,125	2,545,263
As at 31 December 2017	<u>896,266,347</u>	<u>894,667,502</u>	<u>894,667,502</u>	<u>4,055,609,113</u>

The total authorised number of ordinary shares is 896,266,347 shares (2016: 896,266,347 shares) with a par value of Baht 1 per share (2016: Baht 1 per share). The issued and fully paid-up ordinary shares is 894,667,502 shares (2016: 894,533,377 shares).

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

During 2017, 125,000 options were exercised under Employee share option scheme with exercise ratio 1:1.073 resulted in 134,125 shares being issued (2016: 40,500 options were exercised with exercise ratio 1:1.051 and 1,837,052 options were exercised with exercise ration 1:1.1073, respectively resulted in 2,013,719 shares), with exercise price of Baht 14.385, totaling proceeds of Baht 1.93 million (2016: Baht 14.687 and 14.385, respectively, totaling proceeds of Baht 28.98 million). The related weighted average price at the time of exercise was Baht 34.500 per share (2016: Baht 30.684 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 Million	Exercise Ratio unit/share	Exercise price Baht/unit	Exercise period	
					Start	End
ESOP-W4	10 April 2012	8.69	1:1.000	15.44	30 June 2014	9 April 2017

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

	Modification date	Issued units Million	Exercise Ratio unit/share	Exercise price Baht/unit
ESOP-W4	10 April 2014	8.57	1:1.033	14.948
ESOP-W4	10 April 2015	8.57	1:1.051	14.687
ESOP-W4	11 April 2016	8.57	1:1.073	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 Million	Exercise ratio Unit/share	Exercise price 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 Million	Exercise Ratio unit/share	Exercise price Baht/unit

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

	Consolidated financial statements		Separate financial statements	
	Average exercise price Baht per share	Option	Average exercise price Baht per share	Option
As at 1 January 2016		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)
Exercised				
by the Company ESOP - W4	14.46	(1,877,552)	14.46	(1,877,552)
As at 31 December 2016		<u>10,944,387</u>		<u>125,000</u>
As at 1 January 2017		10,944,387		125,000
Forfeited				
by the subsidiary ESOP - W2		(1,689,740)		-
Exercised				
by the subsidiary ESOP - W4	14.39	(125,000)	14.39	(125,000)
Expired				
by the Company ESOP - W1	1.24	(1,070,887)		-
As at 31 December 2017		<u>8,085,760</u>		<u>-</u>

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

During 2017, warrants of 125,000 options have been exercised amount of Baht 1.93 million (Note 24).

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

As at 31 December 2017, A subsidiary has 8,058,760 outstanding warrants (2016: the Company and its subsidiary have 125,000 and 10,819,387 outstanding warrants, respectively).

During 2017, there is no change in the condition of warrants.

The assumptions of valuation model as follows:

Condition of warrants	ESOP - W4	ESOP - W1	ESOP - W2
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
Variable used in Black - Scholes model			
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 2017, the Group has no expense related to warrants.

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 interests

	Unit: Baht	
	Consolidated financial statements	
	2017	2016
Opening balance	80,844,383	67,492,761
Acquisition of investment in subsidiary	-	5,315,737
Dividends	-	(10,745,990)
Share of profit from subsidiaries	4,368,721	18,781,875
Closing balance	<u>85,213,104</u>	<u>80,844,383</u>

28 Other operating income

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Dividend income	484,904	1,176,122	215,020,729	757,823,297
Gains on disposals of investments	497,858,338	376,370,231	517,771,819	379,779,497
Management fee income	47,936,993	51,500,169	63,813,410	67,842,479
Interest income	6,226,372	4,255,967	32,873,365	34,858,646
Gain on exchange rate	38,681,032	26,568,597	38,423,517	25,030,178
Property tax income	21,452,149	22,560,062	1,803,658	2,405,864
Compensation income	48,730,007	46,002,083	34,305,302	46,002,083
Others	73,179,146	50,145,803	48,648,671	9,895,216
	734,548,941	578,579,034	952,660,471	1,323,637,260

29 Expenses by nature

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Depreciation of property and equipment (Note 13)	1,045,465,537	982,830,009	598,292,028	549,331,021
Amortisation of intangible assets				
- Film rights (Note 15)	221,507,978	158,588,334	-	-
- Computer software (Note 15)	24,241,935	30,677,823	20,827,195	24,570,331
Amortisation of prepaid rents	44,765,182	41,579,042	20,022,303	16,891,719
Impairment of goodwill (Note 14)	-	32,948,094	-	-
Impairment of assets (reversal) (Notes 12, 13 and 15)	2,330,926	48,807,907	5,345,773	120,854,600
Repairs and maintenance expenditure	165,080,338	169,714,340	111,922,027	119,571,108
Staff costs	1,171,691,619	1,075,315,270	724,435,094	644,482,197
Loss from written-off of property, plant, equipment	16,406,457	44,362,708	10,924,064	40,147,048
Doubtful debts and bad debts	78,514,711	44,261,941	-	-
Loss on diminution in value of inventories (reversal)	(4,956,485)	(18,409,727)	(7,400,000)	9,000,000
Loss on goods returns (reversal)	-	15,436,368	-	-
Inventory				
- Cost of inventories recognised as expense (included in "Cost of sales")	551,087,830	467,387,165	400,708,602	328,190,556
Loss from cancellation of lease agreement	-	4,835,384	-	-

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30 Finance costs

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Interest expenses:				
Bank borrowings	91,329,829	74,073,891	86,238,299	71,495,724
Borrowings from subsidiaries and associates	473,075	154,258	47,498,589	45,580,290
Finance lease	8,720,778	12,998,860	1,686,299	1,675,638
Debentures	39,361,443	56,805,118	39,361,443	56,805,118
	<u>139,885,125</u>	<u>144,032,127</u>	<u>174,784,630</u>	<u>175,556,770</u>

31 Income tax

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current tax:				
Current tax	285,795,898	265,727,885	154,232,958	121,870,943
Adjustments in respect of prior year	432,600	164,333	-	(1,263,119)
Total current tax	286,228,498	265,892,218	154,232,958	120,607,824
Deferred tax:				
Origination and reversal of temporary differences	(7,130,721)	(29,052,995)	4,453,140	(32,647,074)
Total tax expense	<u>279,097,777</u>	<u>236,839,223</u>	<u>158,686,098</u>	<u>87,960,750</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	
	2017	2016	2017	2016
Profit before tax	1,476,803,363	1,443,842,015	1,092,623,548	1,292,827,034
Tax calculated at a tax rate of 20%	295,360,673	288,768,403	218,524,710	258,565,407
Tax effect of:				
Associate and joint ventures results reported net of tax	(46,259,799)	(43,665,681)	-	-
Income not subject to tax	(96,981)	-	(43,004,146)	(151,329,435)
Expenses not deductible for tax purpose	30,046,252	16,750,982	2,915,083	781,503
Expense that are deductible at a greater amount from actual expenses	(24,453,010)	(18,237,574)	(19,749,549)	(18,793,606)
Utilisation of previously unrecognised tax losses	(332,306)	(4,949,473)	-	-
Tax losses for which no deferred income tax asset was recognised	26,030,318	21,235,425	-	-
Unrealised losses (gain) from intercompany transaction	1,719,237	(23,227,192)	-	-
Difference in overseas tax rate	644,424	-	-	-
Effect from exchange rate	(3,993,631)	-	-	-
Adjustment in respect of prior year	432,600	164,333	-	(1,263,119)
Tax charge	<u>279,097,777</u>	<u>236,839,223</u>	<u>158,686,098</u>	<u>87,960,750</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	
	2017	2016	2017	2016	2017	2016
For the years ended 31 December						
Basic earnings per share	1,193,336,865	1,188,220,917	894,631,123	893,487,594	1.33	1.33
The effect of dilutive potential shares	-	-	22,036	643,782	-	-
Diluted earnings per share	1,193,336,865	1,188,220,917	894,653,159	894,131,376	1.33	1.33
	Separate financial statements					
	Profit		Weighted average number of shares		Earnings per share	
	Baht		shares		Baht	
	2017	2016	2017	2016	2017	2016
For the years ended 31 December						
Basic earnings per share	933,937,450	1,204,866,284	894,651,123	893,487,594	1.04	1.35
The effect of dilutive potential shares	-	-	22,036	643,782	-	-
Diluted earnings per share	933,937,450	1,204,866,284	894,653,159	894,131,376	1.04	1.35

33 Dividends

2017

At the Annual General Shareholders Meeting held on 5 April 2017, the shareholders passed a resolution to approve dividends payment in respect of the operation results for the period from July to December 2016 at Baht 0.60 per share, totaling Baht 536.80 million. The dividends would be distributed to the shareholders listed in the register on 21 April 2017 and were distributed to the shareholders on 3 May 2017.

At the Board of Directors Meeting held on 11 August 2017, the Board passed a resolution to approve interim dividends payment in respect of the operation results for the period from January to June 2017 at Baht 0.65 per share, totaling Baht 581.53 million. The dividends would be distributed to the shareholders listed in the register on 31 August 2017 and were distributed to the shareholders on 8 September 2017.

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.

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

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	
		2017	2016	2017	2016
Profit before income tax		1,476,803,363	1,443,842,015	1,092,623,548	1,292,827,034
Adjustments for:					
Depreciation and amortisation	29	1,291,215,450	1,172,096,166	619,119,223	573,901,352
Amortisation of prepaid rent	29	44,765,182	41,579,042	20,022,303	16,891,719
Doubtful accounts and bad debts	29	78,514,711	44,261,941	-	-
Reversal of provision for goods returns	29	-	(15,436,368)	-	-
Loss on diminution in value of inventories (reversal)	29	(4,956,485)	(18,409,727)	(7,400,000)	9,000,000
Loss on impairment of assets	29	2,330,926	48,807,907	5,345,773	120,854,600
Loss on impairment of goodwill	29	-	32,948,094	-	-
Loss (gain) on disposals of property, plant and equipment		7,507,570	(4,577,801)	3,229,280	3,158,826
Gain on disposals of intangible assets		-	(97,460)	-	-
Loss on write-off of property, plant and equipment		16,406,457	44,362,708	10,924,065	40,147,048
Loss on write-off of intangible assets		19,154	1,340,215	18,613	1,385
Loss from cancellation of lease agreement	29	-	4,835,384	-	-
Gain on bargain purchase of investment		-	(736,406)	-	-
Shares of profit from associates and joint ventures	12	(231,298,996)	(256,159,527)	-	-
Gain on disposals of investment in subsidiaries, associates and joint venture	12	(57,946,623)	(29,736,201)	(77,860,104)	(33,145,467)
Gain on disposal of available-for-sale of investment	8	(438,755,483)	(346,634,030)	(438,755,483)	(346,634,030)
Gain on disposals of short-term investments		(1,156,232)	-	(1,156,232)	-
Elimination of gain on disposals of assets to the Property Fund	12	-	4,242,586	-	-
Provision for loyalty program		205,397	(1,710,524)	205,397	(1,710,524)
Provision for employee benefit Warrants	22	2,185,289	5,095,356	1,254,975	2,917,712
Unrealised (gain) loss on exchange rate		-	5,486,380	-	4,819,622
Dividend received	28	(1,073,800)	6,172,262	1,560,840	3,207,574
Interest income	28	(484,904)	(1,176,122)	(215,020,729)	(757,823,297)
Finance costs	30	(6,226,372)	(4,255,967)	(32,873,365)	(34,858,646)
Changes in operating assets and liabilities:					
- trade account and other receivable		86,851,354	(80,563,496)	9,405,864	(19,154,867)
- inventories		(38,102,235)	104,544,438	(30,244,482)	17,393,741
- films under production		42,720,364	(82,659,085)	-	-
- other current assets		39,668,932	(31,227,160)	12,583,730	(15,996,988)
- receivables under finance lease agreements		1,173,777	1,260,336	-	-
- other non-current assets		(89,498,971)	(37,934,171)	(75,791,824)	(48,508,692)
- trade account and other payables		88,313,064	(112,854,370)	145,537,207	(59,350,923)
- other current liabilities		(10,473,576)	6,890,916	(3,287,891)	2,585,895
- other non-current liabilities		(23,462,861)	39,471,962	(2,972,284)	27,373,316
- Employee benefit obligation		(4,674,938)	-	(4,392,528)	-
Cash flows from operating activities		<u>2,410,454,639</u>	<u>2,127,101,420</u>	<u>1,206,860,526</u>	<u>973,453,160</u>

35 Related-party transactions

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

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

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

The following transactions were carried out with related parties:

i) Sales of goods and services and others

	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Sales of goods and services				
Subsidiaries	-	-	397,159	352,167
Associates	1,304	5,521	295	1,022
Leasehold property fund	61,458	76,115	38,283	40,067
Joint ventures	24,956	18,172	4,726	4,159
Related parties	77,700	64,116	13,368	16,353
	<u>165,418</u>	<u>163,924</u>	<u>453,831</u>	<u>413,768</u>
Dividend income				
Subsidiaries	-	-	-	561,826
Associates	-	-	112,714	84,833
Leasehold property fund	-	-	101,822	109,989
Related parties	485	1,176	485	1,176
	<u>485</u>	<u>1,176</u>	<u>215,021</u>	<u>757,824</u>

ii) Purchase of goods and services and others

	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Purchases of goods and services				
Subsidiaries	-	-	309,644	329,511
Associates	25,044	28,990	17,221	17,927
Leasehold property fund	172,710	167,127	130,483	125,800
Joint ventures	49,240	-	17,612	-
Related parties	141,111	145,119	108,011	125,941
	<u>388,105</u>	<u>341,236</u>	<u>582,971</u>	<u>599,179</u>

35 Related-party transactions (Cont'd)

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

	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade accounts receivable (include unbilled revenue)				
Subsidiaries	-	-	96,134	55,717
Associates	6,538	7,260	4,154	4,709
Joint venture	3,452	3,104	-	428
Related parties	7,615	2,376	303	311
	<u>17,605</u>	<u>12,740</u>	<u>100,591</u>	<u>61,165</u>
Amounts due from related parties				
Subsidiaries	-	-	230,630	326,337
Associates	12,857	50,235	4,235	4,186
Joint venture	3,702	4,769	424	-
Related parties	14,639	14,469	11,571	4,275
	<u>31,198</u>	<u>69,473</u>	<u>246,860</u>	<u>334,798</u>
Deposit (included in "Other non-current assets")				
Subsidiaries	-	-	44,528	44,528
Associates	8,881	8,869	3,849	3,849
Related parties	26,129	26,129	25,829	25,829
	<u>35,010</u>	<u>34,998</u>	<u>74,206</u>	<u>74,206</u>

35 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	
	2017	2016	2017	2016
Trade accounts payable (included in "Trade accounts and notes payable")				
Subsidiaries	-	-	71,734	72,523
Associates	30	7,643	1	5,539
Joint venture	19,739	-	573	-
Related parties	575	619	538	515
	<u>20,344</u>	<u>8,262</u>	<u>72,846</u>	<u>78,577</u>
Other payables (included in "Amounts due to related parties")				
Subsidiaries	-	-	28,320	12,645
Associates	4,979	4,127	4,281	3,448
Joint venture	-	45	-	-
Related parties	38,948	14,901	8,131	6,985
Board	4,116	4,139	3,568	3,567
	<u>48,043</u>	<u>23,212</u>	<u>44,300</u>	<u>26,645</u>
Advance received for rental and services (included in "Other non-current liabilities")				
Associate	23,913	24,961	-	-
Related parties	9,538	11,048	-	-
	<u>33,451</u>	<u>36,009</u>	<u>-</u>	<u>-</u>
Deposits received (included in "Other non-current liabilities")				
Subsidiaries	-	-	1,253	1,253
Associates	123,503	123,503	-	-
Joint venture	783	720	-	-
Related parties	5,666	5,666	135	135
	<u>129,952</u>	<u>129,889</u>	<u>1,388</u>	<u>1,388</u>
Finance lease liabilities (included in "Long-term borrowings from financial institutions")				
Associates	21,133	22,765	21,133	22,765
	<u>21,133</u>	<u>22,765</u>	<u>21,133</u>	<u>22,765</u>

35 Related-party transactions (Cont'd)

iv) Short-term loans to related parties

For the years ended 31 December	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Subsidiaries				
Opening balance	8,000	-	474,900	547,667
Loans advanced during the year	2,000	8,000	434,661	609,218
Loans repayments during the year	(5,000)	-	(514,960)	(681,985)
Closing balance	5,000	8,000	394,601	474,900

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

The related interest income was Baht 17.22 million (2016: Baht 20.89 million). At 31 December 2017, the accrued interest income was Baht 1.36 million (2016: Baht 1.66 million).

v) Long-term loans to related parties

For the years ended 31 December	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Subsidiaries and associates and employees				
Opening balance	1,923	1,558	301,706	331,336
Loans advanced during the year	500	954	500	954
Loans repayments during the year	(596)	(589)	(30,596)	(30,584)
Closing balance	1,827	1,923	271,610	301,706

The loans to related parties are carrying interest at the rate of 4.00% per annum (2016: 4.00% per annum) and there is no specific repayment date.

Staff loans of Baht 1.83 million and Baht 1.61 million (2016: Baht 1.92 million and Baht 1.71 million) in the consolidated and separate financial statements, respectively, bearing interest rates ranging from 2.00% to 3.00% per annum. (2016: bearing interest rates of ranging from 2.00% to 3.00% per annum).

vi) Short-term loans from related parties

For the years ended 31 December	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Subsidiaries and associates				
Opening balance	18,150	23,000	993,447	1,191,428
Loans borrowed during the year	-	-	2,509,356	2,225,651
Loans repaid during the year	(2,250)	(4,850)	(2,240,027)	(2,423,632)
Closing balance	15,900	18,150	1,262,776	993,447

The short-term loans from related parties are loans from fellow subsidiaries. The short-term loans are unsecured. Loans of Baht 1,246.88 million are repayable within 1 month and carrying interest rate of 4.00% per annum. A promissory note due upon demand of Baht 15.90 million bears interest rate of 2.72% per annum.

The related interest expense was Baht 0.47 million and Baht 47.49 million, respectively (2016: Baht 0.15 million and Baht 43.12 million). As at 31 December 2017, the accrued interest expense was Baht 0.14 million and Baht 15.54 million, respectively (2016: Baht 0.17 million and Baht 11.41 million).

35 Related-party transactions (Cont'd)

vii) Key management compensation

For the years ended 31 December	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	54,602	48,386	42,080	40,640
Retirement benefits	329	672	252	596
Share-based payments	-	1,152	-	1,152
	<u>54,931</u>	<u>50,210</u>	<u>42,332</u>	<u>42,388</u>

ix) Investments in subsidiaries, associates and joint ventures

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

36 Commitments and contingencies

i) Bank guarantees and letter of credits

As at 31 December 2017, the Group has outstanding bank guarantees and letters of credit Baht 199.47 million (2016: Baht 193.46 million) given to third parties.

ii) Guarantees

As at 31 December 2017, the Company and a subsidiary have provided guarantees for bank loans granted to subsidiaries and associates for a total of Baht 60.00 million (2016: Baht 106.93 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	
	2017	2016	2017	2016
Not later than 1 year	1,040	741	805	702
Later than 1 year but not later than 5 years	4,104	3,244	2,584	2,035
Later than 5 years	5,632	5,462	3,915	3,747
	<u>10,776</u>	<u>9,447</u>	<u>7,304</u>	<u>6,484</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.

36 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:

		Unit: 000			
		Consolidated financial statements		Separate financial statements	
	Currency	2017	2016	2017	2016
Property, plant and equipment	THB	77,200	55,648	77,200	55,648
Intangible assets	THB	1,211	1,969	-	-
	USD	1,072	1,061	-	-
Total	THB	78,411	57,617	77,200	55,648
	USD	1,072	1,061	-	-
Total in Thai Baht		113,626	95,798	77,200	55,648

v) Commitment for film productions

As at 31 December 2017, the Group has commitments in respect of payments to film directors amounting to Baht 69.94 million (2016: Baht 63.10 million).

37 Litigation

On 27 July 2017, the insurance companies of damaged parties from the fire accident at Major Cineplex Theater (Pinklao Branch) sued the Company for compensation for causing damages pursuant to the civil case, black case no. P3537/2560. The case is in the process of the civil court and the outcome is not yet known. The Company believes that there will be no material loss arising from the lawsuits and therefore does not provide for the contingent liability.

38 Events after the reporting date

At the Board of Directors Meeting held on 19 February 2018, the Board approved dividends in respect of the operating results for the period from July to December 2017 at Baht 0.60 per share, totaling Baht 536.80 million. The dividends will be distributed to shareholders listed in the register on 20 April 2018.