

## **AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

I have reviewed the accompanying consolidated and company balance sheets as at 31 March 2006 of Major Cineplex Group Public Company Limited and its subsidiaries and of Major Cineplex Groups Public Company Limited, ("the Company") respectively, and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2006. The Company's management is responsible for the correctness and completeness of information in these interim financial statements. My responsibility is to issue a report on these interim financial statements based on my review.

I conducted my review in accordance with the standard on auditing applicable to review engagements. This standard requires that I plan and perform a review to obtain moderate assurance as to whether the interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit, and accordingly, I do not express an audit opinion.

Based on my review, nothing has come to my attention that causes me to believe that the interim financial statements referred to above are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The consolidated and company balance sheets as at 31 December 2005 of the Company and its subsidiaries and of the Company respectively, presented herewith for comparative purposes, are components of the financial statements for the year ended 31 December 2005, which were audited by another auditor whose report dated 20 February 2006, expressed an unqualified opinion on those statements. The related consolidated and company statements of income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2005 of the Company and its subsidiaries and of the Company, presented herewith for comparative purposes, were reviewed by the same auditor as mentioned above, whose report dated 14 May 2005, stated that nothing had come to his attention that caused him to believe that those interim financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Kajornkiet Aroonpirodkul  
Certified Public Accountant (Thailand) No. 3445  
PricewaterhouseCoopers ABAS Limited

Bangkok  
10 May 2006

**Major Cineplex Group Public Company Limited**

**Balance Sheets**

**As at 31 March 2006 and 31 December 2005**

	Notes	Consolidated		Company	
		(Unaudited) 31 March 2006 Baht'000	(Audited) 31 December 2005 Baht'000	(Unaudited) 31 March 2006 Baht'000	(Audited) 31 December 2005 Baht'000
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents		613,437	316,627	479,871	146,419
Short-term investments		1,619	1,030	580	-
Trade accounts receivable and notes receivable, net	4	602,154	503,214	43,023	56,619
Amounts due from related parties	12	10,667	-	362,473	312,987
Inventories, net		92,820	78,961	10,033	8,812
Value added tax receivable, net		67,367	51,654	-	-
Other accounts receivable		46,267	13,935	38,991	7,729
Other current assets		150,218	165,969	63,945	54,099
Total Current Assets		<u>1,584,549</u>	<u>1,131,390</u>	<u>998,916</u>	<u>586,665</u>
<b>Non-Current Assets</b>					
Restricted cash		13,036	6,655	-	-
Investments in subsidiaries and associates	11	477,183	467,030	2,579,715	2,491,540
Long-term loans to related parties	12	2,350	2,350	1,247,073	1,110,574
Loans to employees		5,771	8,118	5,190	5,363
Property and equipment, net	5	4,761,474	4,589,137	1,413,924	1,407,020
Leasehold rights, net	5	599,415	589,520	85,355	86,270
Film rights, net	6	324,904	292,198	-	-
Goodwill, net	6	156,998	163,463	-	-
Deposits		145,295	80,466	93,177	43,769
Other non-current assets, net		16,142	49,643	1,437	1,168
Total Non-Current Assets		<u>6,502,568</u>	<u>6,248,580</u>	<u>5,425,871</u>	<u>5,145,704</u>
<b>Total Assets</b>		<u><u>8,087,117</u></u>	<u><u>7,379,970</u></u>	<u><u>6,424,787</u></u>	<u><u>5,732,369</u></u>

Director \_\_\_\_\_

Director \_\_\_\_\_

The notes on pages 10 to 27 are an integral part of these interim financial statements.

**Major Cineplex Group Public Company Limited**

**Balance Sheets (Cont'd)**

**As at 31 March 2006 and 31 December 2005**

	Notes	Consolidated		Company	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		31 March	31 December	31 March	31 December
		2006	2005	2006	2005
		Baht'000	Baht'000	Baht'000	Baht'000
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Bank overdrafts and short-term loans from financial institutions		1,139,643	812,072	718,606	570,772
Trade accounts payable and notes payable		342,360	578,212	134,231	181,225
Amount due to related parties	12	-	-	890	1,238
Current portion of long-term borrowings from financial institutions	7	538,090	588,678	433,590	481,250
Other accounts payable		269,083	265,212	23,601	29,453
Accrued income tax		180,125	127,952	74,265	64,936
Current portion of deferred rental and services income		17,653	17,587	-	-
Accrued expenses		102,712	69,559	26,812	24,869
Other current liabilities		154,555	193,743	54,578	61,048
Total current liabilities		<u>2,744,221</u>	<u>2,653,015</u>	<u>1,466,573</u>	<u>1,414,791</u>
<b>Non-Current Liabilities</b>					
Long-term borrowings from subsidiaries	12	-	-	123,730	86,130
Long-term borrowings from financial institutions	7	1,336,759	1,395,280	1,240,440	1,276,591
Deferred rental and services income		305,827	310,372	-	-
Advance receipt from sponsors		30,619	22,000	30,619	22,000
Other non-current liabilities		95,800	74,804	21,169	20,850
Total non-current liabilities		<u>1,769,005</u>	<u>1,802,456</u>	<u>1,415,958</u>	<u>1,405,571</u>
<b>Total Liabilities</b>		<u>4,513,226</u>	<u>4,455,471</u>	<u>2,882,531</u>	<u>2,820,362</u>

The notes on pages 10 to 27 are an integral part of these interim financial statements.

**Major Cineplex Group Public Company Limited****Balance Sheets (Cont'd)****As at 31 March 2006 and 31 December 2005**

	Notes	Consolidated		Company	
		(Unaudited) 31 March 2006 Baht'000	(Audited) 31 December 2005 Baht'000	(Unaudited) 31 March 2006 Baht'000	(Audited) 31 December 2005 Baht'000
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (Cont'd)</b>					
<b>Shareholders' Equity</b>					
Share capital	8				
Authorised share capital		<u>897,000</u>	<u>897,000</u>	<u>897,000</u>	<u>897,000</u>
Issued and fully paid-up share capital		709,324	709,323	709,324	709,323
Premium on share capital	8	1,840,215	1,840,200	1,840,215	1,840,200
Advance receipt for share subscription	9	484,057	16	484,057	16
Retained earnings					
Appropriated - legal reserve		14,405	14,405	14,405	14,405
Unappropriated		<u>494,255</u>	<u>348,063</u>	<u>494,255</u>	<u>348,063</u>
Total parent's shareholders' equity		<u>3,542,256</u>	<u>2,912,007</u>	<u>3,542,256</u>	<u>2,912,007</u>
Minority interests		<u>31,635</u>	<u>12,492</u>	<u>-</u>	<u>-</u>
<b>Total Shareholders' Equity</b>		<u>3,573,891</u>	<u>2,924,499</u>	<u>3,542,256</u>	<u>2,912,007</u>
<b>Total Liabilities and Shareholders' Equity</b>		<u>8,087,117</u>	<u>7,379,970</u>	<u>6,424,787</u>	<u>5,732,369</u>

The notes on pages 10 to 27 are an integral part of these interim financial statements.

**Major Cineplex Group Public Company Limited**  
**Statements of Income (Unaudited)**  
**For the three-month periods ended 31 March 2006 and 2005**

	Notes	Consolidated		Company	
		2006 Baht'000	2005 Baht'000	2006 Baht'000	2005 Baht'000
<b>Revenues</b>					
Admissions		452,928	523,156	251,200	248,342
Concessions sales		79,758	73,775	40,670	48,649
Advertising services income		154,254	169,094	33,969	42,452
Bowling and Karaoke services income		115,927	91,836	20,499	33,250
Rentals and services income		104,329	75,651	15,843	11,652
Sales of VCD/DVD and film rights		87,257	80,899	-	-
Fitness services income		7,286	3,856	-	-
Sponsorship income		116,719	35,790	44,888	14,894
<b>Total revenues</b>		<b>1,118,458</b>	<b>1,054,057</b>	<b>407,069</b>	<b>399,239</b>
<b>Expenses</b>					
Cost of film exhibition and theatre		386,101	440,880	246,553	213,361
Cost of concessions		28,135	24,631	15,202	22,120
Cost of advertising services		4,004	3,457	-	-
Cost of bowling and Karaoke services		74,544	61,221	14,419	28,524
Cost of rentals and services		39,004	50,518	1,623	1,791
Cost of sales of VCD/DVD and film rights		76,294	34,309	-	-
Cost of fitness services		2,760	5,698	-	-
Selling and administrative expenses		290,563	231,660	104,853	101,700
<b>Total expenses</b>		<b>901,405</b>	<b>852,374</b>	<b>382,650</b>	<b>367,496</b>
<b>Profit from sales and services</b>		<b>217,053</b>	<b>201,683</b>	<b>24,419</b>	<b>31,743</b>
Other operating income		12,996	16,837	64,047	51,616
<b>Operating profit</b>		<b>230,049</b>	<b>218,520</b>	<b>88,466</b>	<b>83,359</b>
Share of profit of investments - equity	11	20,820	4,851	98,842	76,821
<b>Profit before interest and tax</b>		<b>250,869</b>	<b>223,371</b>	<b>187,308</b>	<b>160,180</b>
Interest expense		(36,584)	(26,087)	(27,776)	(13,829)
Income tax		(65,437)	(65,704)	(13,340)	(15,442)
<b>Profit before minorities</b>		<b>148,848</b>	<b>131,580</b>	<b>146,192</b>	<b>130,909</b>
Profit attributable to minorities, net		(2,656)	(671)	-	-
<b>Net profit for the period</b>		<b>146,192</b>	<b>130,909</b>	<b>146,192</b>	<b>130,909</b>
		<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Earnings per share</b>					
	3				
Basic earnings per share		0.21	0.18	0.21	0.18
Diluted earnings per share		0.20	0.18	0.20	0.18

The notes on pages 10 to 27 are an integral part of these interim financial statements.

**Major Cineplex Group Public Company Limited**  
**Statements of Changes in Shareholders' Equity (Unaudited)**  
**For the three-month periods ended 31 March 2006 and 2005**

	<b>Consolidated (Baht'000)</b>						<b>Total</b>
	<b>Issued and paid-up share capital</b>	<b>Premium on share capital</b>	<b>Advance for share subscription</b>	<b>Legal reserves</b>	<b>Unappropriated retained earnings</b>	<b>Minority interests</b>	
<b>Opening balance 1 January 2006</b>	709,323	1,840,200	16	14,405	348,063	12,492	2,924,499
Ordinary shares	1	15	(16)	-	-	-	-
Advance for share subscription	-	-	484,057	-	-	-	484,057
Share subscription in subsidiary by minority	-	-	-	-	-	16,487	16,487
Net profit for the period	-	-	-	-	146,192	2,656	148,848
<b>Closing balance 31 March 2006</b>	<b>709,324</b>	<b>1,840,215</b>	<b>484,057</b>	<b>14,405</b>	<b>494,255</b>	<b>31,635</b>	<b>3,573,891</b>

	<b>Consolidated (Baht'000)</b>						<b>Total</b>
	<b>Issued and paid-up share capital</b>	<b>Premium on share capital</b>	<b>Unrealised gain on investments in available for sale securities</b>	<b>Legal reserves</b>	<b>Unappropriated retained earnings</b>	<b>Minority interests</b>	
<b>Opening balance 1 January 2005</b>	709,323	1,840,200	1	-	40,275	22,453	2,612,252
Minority interests	-	-	-	-	-	(899)	(899)
Legal reserve appropriation	-	-	-	2,014	(2,014)	-	-
Net profit for the period	-	-	-	-	130,909	671	131,580
Dividends	-	-	-	-	(35,466)	-	(35,466)
<b>Closing balance 31 March 2005</b>	<b>709,323</b>	<b>1,840,200</b>	<b>1</b>	<b>2,014</b>	<b>133,704</b>	<b>22,225</b>	<b>2,707,467</b>

The notes on pages 10 to 27 are an integral part of these interim financial statements.

**Major Cineplex Group Public Company Limited**  
**Statements of Changes in Shareholders' Equity (Unaudited) (Cont'd)**  
**For the three-month periods ended 31 March 2006 and 2005**

	<b>Company (Baht'000)</b>					<b>Total</b>
	<b>Issued and paid-up sharecapital</b>	<b>Premium on share capital</b>	<b>Advance for share subscription</b>	<b>Legal reserves</b>	<b>Unappropriated retained earnings</b>	
<b>Opening balance 1 January 2006</b>	709,323	1,840,200	16	14,405	348,063	2,912,007
Ordinary shares	1	15	(16)	-	-	-
Advance for share subscription	-	-	484,057	-	-	484,057
Net profit for the period	-	-	-	-	146,192	146,192
<b>Closing balance 31 March 2006</b>	<u>709,324</u>	<u>1,840,215</u>	<u>484,057</u>	<u>14,405</u>	<u>494,255</u>	<u>3,542,256</u>
<b>Opening balance 1 January 2005</b>	709,323	1,840,200	-	-	40,275	2,589,798
Legal reserve appropriation	-	-	-	2,014	(2,014)	-
Net profit for the period	-	-	-	-	130,909	130,909
Dividends	-	-	-	-	(35,466)	(35,466)
<b>Closing balance 31 March 2005</b>	<u>709,323</u>	<u>1,840,200</u>	<u>-</u>	<u>2,014</u>	<u>133,704</u>	<u>2,685,241</u>

The notes on pages 10 to 27 are an integral part of these interim financial statements.

**Major Cineplex Group Public Company Limited**  
**Statements of Cash Flows (Unaudited)**  
**For the three-month periods ended 31 March 2006 and 2005**

	Notes	Consolidated		Company	
		2006 Baht'000	2005 Baht'000	2006 Baht'000	2005 Baht'000
<b>Cash flows from operating activities</b>	10	(76,927)	256,852	(19,148)	149,170
<b>Cash flows from investing activities</b>					
Payments for short-term investments		(589)	(180,000)	(580)	(180,000)
Proceeds from short-term investments		-	70,000	-	70,000
Loans made to related parties	12	-	-	(248,868)	(34,646)
Proceed from repayment of loans to related parties	12	-	600	112,369	-
Payment for investments in subsidiaries		-	(1,853)	-	(1,853)
Purchases of property and equipment		(240,813)	(203,143)	(96,174)	(103,482)
Dividends received from subsidiaries and associates		-	31,998	-	31,998
Proceeds from repayment of loans made to employees		2,347	1,207	174	(115)
Payment for lease and service contract deposits		-	(1,891)	-	(1,800)
Payments for leasehold rights		(14,354)	(15,250)	-	(15,250)
Payments for film rights		(85,979)	(25,456)	-	-
Proceeds from disposal of property and equipment		500	884	-	-
Net cash payments for investing activities		(338,888)	(322,904)	(233,079)	(235,148)
<b>Cash flows from financing activities</b>					
Decrease (increase) in restricted cash		(6,381)	11,761	-	-
Proceeds (repayments) from short-term loans		309,067	(3,327)	127,000	-
Increase (decrease) in financial lease liabilities		(14,359)	238	(13,811)	(62)
Proceeds in loans from subsidiaries	12	-	-	52,600	46,600
Repayments of loans from subsidiaries	12	-	-	(15,000)	-
Repayments of long-term borrowings	7	(94,750)	(40,250)	(70,000)	(14,000)
Receipt in advance from share subscription		484,057	-	484,057	-
Dividends paid		-	(81)	-	(81)
Share subscription in subsidiary received from minorities		16,487	-	-	-
Net cash receipts (payments for) financing activities		694,121	(31,659)	564,846	32,457
<b>Net increase/(decrease) in cash and cash equivalents</b>		278,306	(97,711)	312,619	(53,521)
Opening balance of cash and cash equivalents		282,555	304,660	145,647	95,085
Closing balance of cash and cash equivalents		560,861	206,949	458,266	41,564
<b>Supplementary information for cash flows:</b>					
Interest paid		30,788	26,707	28,124	8,307
Income tax paid		13,264	21,784	4,011	5,466

The notes on pages 10 to 27 are an integral part of these interim financial statements.



**Major Cineplex Group Public Company Limited**  
**Statements of Cash Flows (Unaudited) (Cont'd)**  
**For the three-month periods ended 31 March 2006 and 2005**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Cash and cash equivalents as at 31 March comprise:</b>				
Cash on hand and deposits held at call with banks	613,437	236,932	479,871	56,283
Bank overdrafts	(52,576)	(29,983)	(21,605)	(14,719)
Total cash and cash equivalents	<u>560,861</u>	<u>206,949</u>	<u>458,266</u>	<u>41,564</u>

**Non-cash transactions**

Significant non-cash transactions for the three-month periods ended 31 March 2006 and 2005:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Investment in property and equipment not yet paid	63,290	22,480	14,313	11,049
Purchase of film rights not yet paid	81,859	167,838	-	-
Purchases of property and equipment under finance leases	29,470	44,520	29,030	42,841

The notes on pages 10 to 27 are an integral part of these interim financial statements.

## **1 Summary of significant of accounting policies**

These interim consolidated and company financial statements are prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Account Profession Act B.E. 2547 and the financial reporting requirements of the Securities and Exchange Commission. The primary financial statements (i.e. balance sheets, statements of income, changes in shareholders' equity and cash flows) are prepared in the full format as required by the Securities and Exchange Commission. The notes to the interim financial statements are prepared in a condensed format according to Thai Accounting Standard 41, 'Interim Financial Reporting' and additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act, B.E. 2535.

The consolidated and company financial statements have been prepared under the historical cost convention.

An English version of the consolidated and company interim financial statements have been prepared from the interim 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 interim financial statements shall prevail.

Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would be also appropriate to anticipate or defer such costs at the end of the financial year.

The comparative figures in consolidated and company financial statements as at 31 December 2005 and the interim consolidated and company financial statements for the three-month period ended 31 March 2005 have been adjusted to conform with changes in presentation in the interim consolidated and company financial statements as at 31 March 2006 and for the three-month period ended 31 March 2006.

These consolidated interim financial statements have been approved for issue by the Board of Directors on 9 May 2006.

These interim financial statements should be read in conjunction with the 2005 annual financial statements. The significant accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2005 as below:

### **1.1 Group accounting - Investments in subsidiaries and associates**

#### **a) Subsidiaries**

Subsidiary undertakings, which are those companies in which the Group has power to govern the financial and operating policies, are consolidated; attention is directed to the substance of the power, and not merely the legal form.

Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date on which the Group ceases to have the power to exercise control over the operations. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless costs cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group. Separate disclosure is made for minority interests. The interest of third parties in subsidiaries is accounted for on the basis of their share in the underlying equity of these undertakings. A list of subsidiaries is set out in Note 11.

In the Company's separate financial statements, the Company accounts for its interest in subsidiaries on an equity basis.

**1 Summary of significant of accounting policies (Cont'd)**

**1.1 Group accounting - Investments in subsidiaries and associates (Cont'd)**

**b) Associates**

Investments in associated undertakings are accounted for using the equity method of accounting in the consolidated financial statements. Under this method, the company's share of the post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are entities over which the Group generally has significant influence, but which it does not control, generally accompanying or shareholding of between 20% and 50% the voting rights. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Group's investment in associates includes goodwill (net of accumulated amortisation) on acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not continue to recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associates. A list of the principal associates is set out in Note 11.

In the Company's separate financial statements, the Company accounts for its interest in associates on an equity basis.

**1.2 Foreign currency translation**

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

**1.3 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with maturities of three months or less from the date of acquisition and bank overdrafts. Bank overdrafts are shown in borrowings in current liabilities on the balance sheet.

**1.4 Trade accounts receivable**

Trade accounts receivable are recognised initially 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 and the amount expected to be collectible. Bad debts are recognised in the income statement within selling and marketing expenses.

**1.5 Inventories**

Inventories consist foods and beverages at concessions and outlets theatre supplies, DVD and VCD. Inventories are valued at the lower of cost or net realisable value. Costs of foods and beverages and outlet theatre supplies are determined by the first-in, first-out (FIFO) method. Costs of VCD and DVD are determined using average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as transportation charges, less all attributable discounts, allowances or rebates. Net realisable value is the estimated selling price in the ordinary course of business, less costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

**1 Summary of significant of accounting policies (Cont'd)**

**1.6 Investments (other than subsidiaries and associates)**

Trading and available-for-sale investments are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of trading investments are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in equity.

Fair value of marketable equity securities is calculated by reference to the purchasing prices quoted by the Stock Exchange at the close of business on the balance sheet date.

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

**1.7 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line basis to write off the cost of each asset, to its residual value over the estimated useful life or, if it is shorter, the lease term, as follows:

Buildings	20 years
Theatres	5,10,20 years and the lease contracts periods
Buildings and theatres improvements	5,10 years
Utilities systems	5,10 years
Tools and equipment	5,10,15 years
Furniture, fixtures and office equipment	5 years
Motor vehicles (including motor vehicles under finance leases)	5 years

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

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

Interest costs on borrowings to finance the construction of property and equipment are capitalised as part of cost of the asset, during the period of time required to complete and prepare the property for its intended use.

**1 Summary of significant of accounting policies (Cont'd)**

**1.8 Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary or associated undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is reported in the consolidated balance sheet as an intangible asset. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is amortised using the straight-line method over its estimated useful life. Management determines the estimated useful life of goodwill based on its evaluation of the respective companies at the time of the acquisition, considering factors such as existing market share, potential growth and other factors inherent in the acquired companies.

Goodwill arising on acquisitions of the Group is amortised over a period of 10 years.

At each balance sheet date the Group assesses whether there is any indication of impairment on separately recognised goodwill. If such indications exist an analysis is performed to assess whether the carrying amount of goodwill is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the cost of acquisition. Negative goodwill is presented in the same balance sheet classifications as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and to the extent that these can be measured reliably, but which do not represent identifiable liabilities, that portion of negative goodwill is recognised in the statement of income when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the statement of income over the remaining weighted average useful life of those assets; negative goodwill in excess of the fair values of those assets is recognised in the statement of income immediately.

**1.9 Intangible assets**

**Film rights**

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

**Leasehold rights**

Land lease rights and leasehold rights of buildings are initially recognised at costs and amortised as expense on a straight-line basis over the leases periods.

**1.10 Impairment of assets**

Property and equipment and other non-financial assets, including goodwill and intangible assets are reviewed for impairment losses 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 (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**1 Summary of significant of accounting policies (Cont'd)**

**1.11 Leases - where a group company is the lessee**

Leases of equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance charge is charged to results over the lease period. The equipment acquired under finance leasing contracts is depreciated over the useful life of the asset. Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to results on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

**1.12 Employee benefits**

The Group operates a provident fund, being a defined contribution plan. The assets of which are held in a separate fund which is managed by the external fund manager. The provident fund is funded by payments from employees and by the relevant Group companies. Contributions to the provident fund are charged to the statement of income in the year to which they relate.

Warrants granted to directors and employees of the Group are recognised when they are exercised.

**1.13 Provisions**

Provisions, which exclude the provisions relating to employee benefits, 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 a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

**Provision for goods returns**

Provision for goods returns of CVD and DVD is estimated by reference to actual goods returns occurred during the year and calculated as the percentage to sales made during the year.

**1.14 Revenue recognition**

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

Revenue comprises the invoiced value 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 are recognised upon completion of services rendering.

Revenue from advance ticket sales and gift certificates sales are recorded as deferred revenue and recognised as revenue when the items are redeemed.

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

The Group recognises revenues from providing on-screen advertising over the period of the related terms of agreements.

**1 Summary of significant of accounting policies (Cont'd)**

**1.14 Revenue recognition**

**Other revenues**

Interest income is recognised 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. Dividends are recognised when the right to receive payment is established.

**1.15 Deferred revenue**

Deferred revenue relates to rentals and services, sales of gift certificates and advance ticket sales, and are recognised as revenue when the services are provided to customers.

**1.16 Income tax**

The Group calculates income tax in accordance with the Revenue Code and records income tax on an accrual basis. The Group does not recognise income tax payable or receivable in future periods in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

**1.17 Dividends**

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

**1.18 Segment reporting**

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

**1.19 Financial instruments**

Financial instruments carried on the balance sheet include cash and cash equivalents, current investments, trade receivables, related party receivables and payables, trade payables, leases and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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**2 Segment information**

Financial information by business segments:-

	(Million Baht)						
	Cinema business	Bowling and Karaoke business	Rental and services	VCD/DVD and film rights distribution	Fitness center	Eliminated	Consolidated
<b>For the three-month period ended 31 March 2006</b>							
Revenues	768	121	148	155	7	(81)	1,118
Segment result	304	33	98	79	4	(11)	507
Other revenue							34
Unallocated costs							(395)
Net profit for the period							146
<b>For the three-month period ended 31 March 2005</b>							
Revenues	858	90	109	104	4	(111)	1,054
Segment result	314	23	59	59	(2)	(19)	434
Other Revenues							22
Unallocated costs							(325)
Net profit for the period							131



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**3 Earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of paid-up ordinary shares in issue during the period (2006: 709,323 thousand shares, 2005: 709,323 thousand shares).

For the calculation of the diluted earnings per share, the net profit adjusted for the weighted average number of ordinary shares assuming conversion of all dilutive potential ordinary shares, being warrants issued to director and employee (ESOP) (Note 9), is 733,522 thousand shares (2005: 709,728 thousand shares).

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

	Consolidated and Company					
	Net profit		Weighted average		Earnings	
	Baht'000		number of shares		per share	
		('000 shares)		(Baht)		
	2006	2005	2006	2005	2006	2005
Basic earnings per share	146,192	130,909	709,323	709,323	0.21	0.18
The effect of dilutive potential shares	-	-	24,199	405	(0.01)	-
Diluted earnings per share	146,192	130,909	733,522	709,728	0.20	0.18

**4 Trade accounts and notes receivable, net**

	Consolidated		Company	
	31 March	31 December	31 March	31 December
	2006	2005	2006	2005
	Baht'000	Baht'000	Baht'000	Baht'000
Unbilled revenue	144,003	24,766	-	-
Notes receivable	3,615	13,263	3,554	1,082
Trade accounts receivable	487,489	502,877	40,552	56,241
Total	635,107	540,906	44,106	57,323
<u>Less</u> Allowance for doubtful accounts	(32,953)	(37,692)	(1,083)	(704)
Trade accounts and notes receivable, net	602,154	503,214	43,023	56,619

Outstanding trade accounts receivable and note receivable can be analysed as follows:

	Consolidated		Company	
	31 March	31 December	31 March	31 December
	2006	2005	2006	2005
	Baht'000	Baht'000	Baht'000	Baht'000
Unbilled revenue	144,003	24,766	-	-
Trade accounts and note receivable				
Current	338,997	374,559	19,983	25,361
Overdue below 3 months	98,986	66,029	19,576	30,047
Overdue 3-6 months	19,904	10,509	3,312	103
Overdue over 6 months	33,217	65,043	1,235	1,812
Total	635,107	540,906	44,106	57,323
<u>Less</u> Allowance for doubtful accounts	(32,953)	(37,692)	(1,083)	(704)
Trade accounts and notes receivable, net	602,154	503,214	43,203	56,619

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**5 Capital expenditure and commitments**

	<u>Consolidated</u>		<u>Company</u>	
	<u>Property and equipment Baht'000</u>	<u>Leasehold rights Baht'000</u>	<u>Property and equipment Baht'000</u>	<u>Leasehold rights Baht'000</u>
<b>For the three-month period ended 31 March 2006</b>				
Opening net book amount	4,589,137	589,520	1,407,020	86,270
Additions	304,103	14,354	60,487	-
Disposals, net	(763)	-	-	-
Depreciation/amortisation	(131,003)	(4,459)	(53,583)	(915)
Closing net book amount	<u>4,761,474</u>	<u>599,415</u>	<u>1,413,924</u>	<u>85,355</u>

**6 Intangible assets**

	<u>Consolidated</u>	
	<u>Film rights Baht'000</u>	<u>Goodwill Baht'000</u>
<b>For the three-month period ended 31 March 2006</b>		
Opening net book amount	292,198	163,463
Additions	87,229	-
Depreciation/amortisation	(54,523)	(6,465)
Closing net book amount	<u>324,904</u>	<u>156,998</u>

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**7 Long-term borrowing from financial institutions**

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 March 2006 Baht'000</b>	<b>31 December 2005 Baht'000</b>	<b>31 March 2006 Baht'000</b>	<b>31 December 2005 Baht'000</b>
<b>Current portion</b>				
-Financial lease liabilities	28,590	43,178	28,590	42,250
-Bank borrowings	509,500	545,500	405,000	439,000
Total current borrowings	538,090	588,678	433,590	481,250
<b>Non-current</b>				
-Financial lease liabilities	1,571	1,342	440	591
-Bank borrowings	1,335,188	1,393,938	1,240,000	1,276,000
Total non-current borrowings	1,336,759	1,395,280	1,240,440	1,276,591
<b>Total borrowings</b>	<b>1,874,849</b>	<b>1,983,958</b>	<b>1,674,030</b>	<b>1,757,841</b>

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

	<b>Consolidated Baht'000</b>	<b>Company Baht'000</b>
<b>For the three-month period ended 31 March 2006</b>		
Opening amount	1,939,438	1,715,000
Repayment of borrowings	(94,750)	(70,000)
Closing amount	1,844,688	1,645,000

Long-term bank borrowings bear interest at the rate ranging from 3.25% to 8.00% per annum are secured by certain building and leasehold rights.

**8 Share capital and premium on share capital**

	<b>Authorised number of share Share'000</b>	<b>Issued and fully paid up shares</b>		
		<b>Number of shares Shares'000</b>	<b>Ordinary shares Baht'000</b>	<b>Share premium Baht'000</b>
<b>For the three-month period ended 31 March 2006</b>				
Opening balance	897,000	709,323	709,323	1,840,200
Issue of shares	-	1	1	15
Closing balance	897,000	709,324	709,324	1,840,215

As at 31 March 2006, the total authorized number of ordinary shares is 897 million shares (31 December 2005: 897 shares) with par value of Baht 1 per share (31 December 2005: Baht 1 per share).

**9 Warrants**

**a) Warrants issued and offered to directors and employees (ESOP)**

The Company issued and offered two grants of warrants to directors and employees of the Company and its subsidiaries, which are in registered form and are non-transferable. The warrants have no offered price and their terms do not exceed 4 years and 5 years from the issued date. The exercise ratio and price are detailed belows:

	<u>Issued date</u>	<u>Issued units (Million)</u>	<u>Exercise price (Baht/unit)</u>	<u>Exercise period</u>	
				<u>Start</u>	<u>End</u>
ESOP-W1	27 May 2003	19.5	12.120	27 May 2003	15 June 2008
ESOP-W2	6 July 2004	3.5	15.032	6 July 2004	15 June 2008

**b) Warrants issued and offered to the public (MAJOR-W1)**

In 2004, the Company issued and offered 146,926,992 units of warrants with no offered price to purchases ordinary shares of the Company. The warrants are registered and are transferable with a maturity period of 3 years from the issued date.

The exercise prices and ratios will be effective from 9 March 2006 onwards are as follows:

	<u>Exercise Ratio (unit/share)</u>		<u>Exercise price (Baht/unit)</u>	
	<u>Old</u>	<u>New</u>	<u>Old</u>	<u>New</u>
ESOP-W1	1.068	1.086	12.320	12.120
ESOP-W2	1.000	1.016	15.280	15.032
MAJOR-W1	1.016	1.033	12.796	12.589

During the three-month period ended 31 March 2006, warrants are exercised by 8.23 and 28.90 million units of ESOP-W1 and MAJOR-W1, respectively. The Company has received advance for share subscription Baht 484.057 million during this quarter and registered the increase in share capital with the Ministry of Commerce on 4 April 2006.

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**10 Cash flows from operating activities**

Reconciliation of net profit for the period to cash flows from operating activities:

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 March 2006 Baht'000</b>	<b>31 March 2005 Baht'000</b>	<b>31 March 2006 Baht'000</b>	<b>31 March 2005 Baht'000</b>
Net profit for the period	146,192	130,909	146,192	130,909
Adjustments for:				
Depreciation and amortisation charges	189,985	181,021	54,498	51,205
Realised deferred revenue	(29,860)	(6,640)	-	(2,757)
Allowance for doubtful accounts (reversal)	(4,739)	3,364	-	-
Provision for goods returns (reversal)	(5,868)	(3,205)	-	-
Loss on disposals of fixed assets	263	-	-	-
Amortisation of deferred expenses	-	1,618	-	1,583
Unrealised gain in investment in trading securities	-	(4)	-	-
Amortisation of goodwill	6,465	6,465	-	-
Shares of net results of investment in subsidiaries and associates	(20,820)	(4,851)	(98,842)	(76,821)
Share of net results of subsidiaries to minority interests	2,656	671	-	-
Changes in operating assets and liabilities:				
- trade accounts and notes receivable	(94,201)	(36,592)	13,596	(25,513)
- amounts due from related parties	-	-	(38,819)	46,174
- inventories	(7,991)	(11,036)	(1,221)	786
- other account receivable - sponsorship	(32,332)	-	(56,643)	-
- value added tax receivable	(15,713)	-	-	-
- other current assets	15,751	(7,169)	(9,846)	6,046
- other assets	(31,328)	2,249	323	882
- trade accounts and notes payable	(237,102)	(116,378)	(61,307)	(13,107)
- amounts due to related parties	-	-	(348)	-
- accrued expenses	33,153	29,428	1,943	25,056
- other accounts payable	(59,419)	19,705	(5,852)	(5,504)
- accrued income tax	52,173	31,152	9,329	(4,862)
- other current liabilities	(39,188)	30,211	(6,470)	13,942
- rental deposits	-	7,654	-	2,931
- advanced received from sponsorship	34,000	-	34,000	-
- other liabilities	20,996	(1,720)	319	(1,780)
Cash flows from operating activities	<u>(76,927)</u>	<u>256,852</u>	<u>(19,148)</u>	<u>149,170</u>

**11 Investments in subsidiaries and associates**

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 March 2006 Baht'000</b>	<b>31 December 2005 Baht'000</b>	<b>31 March 2006 Baht'000</b>	<b>31 December 2005 Baht'000</b>
Subsidiaries	-	-	2,102,308	2,024,658
Associates	477,183	467,030	477,407	466,882
Total investments - equity method	<u>477,183</u>	<u>467,030</u>	<u>2,579,715</u>	<u>2,491,540</u>

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**11 Investments - equity method (Cont'd)**

**a) Movements of investments in subsidiaries and associates are as follows:**

	<b>Consolidated Baht'000</b>	<b>Company Baht'000</b>
<b>For the three-month period ended 31 March 2006</b>		
Opening book value	467,030	2,491,540
Share of profit in subsidiaries and associated, net	20,820	98,842
Dividends received	(10,667)	(10,667)
Closing book value	<u>477,183</u>	<u>2,579,715</u>

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

	<b>Nature of business</b>	<b>Nature of relationship</b>	<b>% Ownership interest</b>
<b>Subsidiaries</b>			
Major Cineplex Property Co., Ltd.	Building space for rent	Shareholder	99.99
Major Cineplex Services Co., Ltd.	Utilities services	Shareholder	99.99
Chiangmai Cineplex Co., Ltd.	Cinema services	Shareholder	99.99
Ratchayothin Management Co., Ltd.	Utilities services	Shareholder	99.99
Ratchayothin Cinema Co., Ltd.	Cinema services	Shareholder	99.99
Ratchayothin Realty Co., Ltd.	Building space for rent	Shareholder	99.99
Major Bowl Group Co., Ltd.	Entertainment services	Shareholder	99.99
Major Cinead Co., Ltd.	Advertising and advisory services	Shareholder	99.93
Bangkok Imax Theater Co., Ltd.	Cinema services	Shareholder	99.94
Udon Five Star Cineplex Co., Ltd.	Cinema services	Shareholder	80.00
Siam Cineplex Co., Ltd.	Cinema services	Shareholder	99.99
EGV Entertainment Public Co., Ltd. ("EGV")	Cinema services	Shareholder	99.97
Pacific Marketing and Entertainment Group Co., Ltd. ("PMEG")	Distribution of VCD/DVD and film rights	Shareholder	80.00
M Pictures Co., Ltd.	Distribution of film rights	Shareholder	79.99
<b>Subsidiaries under EGV</b>			
Entertain Golden Village Exhibition Co., Ltd.	Cinema services, advertising services	Indirect shareholding	99.96
EGV Exhibition Co., Ltd.	Cinema services, advertising services, area for rent of sales food beverage.	Indirect shareholding	99.96
EGV Five Star Co., Ltd.	Cinema services, advertising services	Indirect shareholding	89.97
Exertainment Co., Ltd.	Healthcare center and fitness center	Indirect shareholding	59.98
<b>Subsidiaries under PMEG</b>			
Pacific Media Sale Co., Ltd.	Distribution of tape, CD, VDO, VCD and DVD	Indirect shareholding	79.98

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**11 Investments - equity method (Cont'd)**

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

	<b>Nature of business</b>	<b>Nature of relationship</b>	<b>% Ownership interest</b>
<b>Associates</b>			
California Wow Experience Public Company Limited	Fitness center services and other related services	Shareholder	36.75
Siam Future Development Public Company Limited	Rental of building space and utilities services	Shareholder	25.15
I-Major Co., Ltd.	Agent for sales of cinema ticket	Shareholder	49.99
Major Online Co., Ltd.	Agent for sales of concert ticket and providing IT services	Shareholder	40.00
<b>Associates under PMEG</b>			
Media Logistic Co., Ltd.	Providing of logistic services.	Indirect shareholding	39.99

All subsidiaries and associates are incorporated in Thailand. All holdings are investments in ordinary shares.

**12 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.

During the period, the Group and the Company have entered into significant transactions with its subsidiaries, associates and related companies. The terms and basis of such transactions are negotiated between the parties in the ordinary course of business and according to normal trade conditions.

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**12 Related party transactions (Cont'd)**

The following material transactions were carried out with related parties:

**i) Sales of goods and services**

	<b>For the three-month period ended 31 March</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Management income</b>				
Subsidiaries	-	-	40,158	39,658
Related companies	1,200	1,200	1,200	1,200
	<u>1,200</u>	<u>1,200</u>	<u>41,358</u>	<u>40,858</u>
<b>Advertising income</b>				
Subsidiaries	-	-	30,872	29,400
<b>Interest income</b>				
Subsidiaries	-	-	20,493	3,746
<b>Equipment rental income</b>				
Subsidiaries	-	-	13,500	-

**ii) Purchase of goods and services**

	<b>For the three-month period ended 31 March</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Rental and area service expenses</b>				
Subsidiaries	-	-	12,150	18,300
<b>Interest expense</b>				
Subsidiaries	-	-	1,978	2,240
<b>Purchases of fixed assets</b>				
Related company	-	5,850	-	5,850



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**12 Related party transactions (Cont'd)**

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 March 2006 Baht'000</b>	<b>31 December 2005 Baht'000</b>	<b>31 March 2006 Baht'000</b>	<b>31 December 2005 Baht'000</b>
<b>Receivable from:</b>				
<b>Trade accounts receivable</b>				
Subsidiaries	-	-	31,466	35,599
<b>Non-trade</b>				
Subsidiaries	-	-	351,806	312,987
Associates	10,667	-	10,667	-
	<u>10,667</u>	<u>-</u>	<u>362,473</u>	<u>312,987</u>
<b>Payable to:</b>				
<b>Trade accounts payable</b>				
Subsidiaries	-	-	12,659	14,550
<b>Non-trade</b>				
Other payables - subsidiaries	-	-	890	1,238

**iv) Loans to related parties**

	<b>Consolidated Baht'000</b>	<b>Company Baht'000</b>
<b>For the three-month period ended 31 March 2006</b>		
<b>Subsidiaries</b>		
Beginning balance	-	1,110,574
Loans made during the period	-	248,868
Loans repayments received	-	(112,369)
Ending balance	<u>-</u>	<u>1,247,073</u>
<b>Associates</b>		
Beginning balance	2,350	-
Loans repayments received	-	-
Ending balance	<u>2,350</u>	<u>-</u>

The loans to subsidiaries are carrying interest at the rate ranging from 6.75% to 7.00% per annum and there is no specific repayment date.

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**12 Related party transactions (Cont'd)**

**v) Loans from related parties**

	<b>Company Baht'000</b>
<b>For the three-month period ended 31 March 2006</b>	
<b>Subsidiaries</b>	
Beginning balance	86,130
Loans acquired during the period	52,600
Loans repaid during the period	(15,000)
Ending balance	123,730

The loans from subsidiaries are carrying interest at the rate ranging from 6.75% to 7.00% per annum and there is no specific repayment date.

**vi) Sureties**

The Company has given guarantee for bank loans granted to subsidiaries being Pacific Marketing and Entertainment Group Co., Ltd. and M Pictures Co., Ltd. for a total of Baht 440 million (31 December 2005: Baht 440 million).

**13 Commitments and contingencies**

These are bank guarantees given on behalf of the Group to third parties amounting to Baht 30.97 million outstanding as at 31 March 2006 (Baht 28.47 million as at 31 December 2005)

**Operating Lease commitments – where a group company is the lessee**

As of 31 March 2006, the Company and subsidiaries have commitment obligations in terms of long-term lease of land, buildings and service contracts.

The future aggregate minimum lease and service payments under the contracts are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 March 2006</b>	<b>31 December 2005</b>	<b>31 March 2006</b>	<b>31 December 2005</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
Not later than 1 year	356	415	144	140
Later than 1 year but not later than 5 years	1,455	1,386	614	598
Later than 5 years	3,649	3,696	1,084	1,091
	5,460	5,497	1,842	1,829

**14 Event after balance sheet date**

**14.1 Annual General Meeting**

At the Annual General Meeting of the shareholders held on 4 April 2006, the shareholders passed a resolution to approve the following matters:

**i) Dividends**

Dividends in respect of July to December 2005 of Baht 0.39 per share, totalling Baht 276.64 million to be payable to the shareholders on 2 May 2006.

**ii) ESOP-W3**

Issue and offer 10,000,000 units warrants (ESOP-W3) to directors and employees of the Company and its subsidiaries. The warrants have no offered price and their terms do not exceed 5 years from the issued date. The rate of right exercise is one unit of warrant is entitled to purchase 1 ordinary share at the exercised price of Baht 14.10 per share.

**14.2 Sales of investment in an associated company**

On 25 April 2006, the Company sold 16.55 million shares in Siam Future Development Public Company Limited, an associated company for a consideration of Baht 149.26 million. The ownership interests in Siam Future Development Pubic Company have been reduced from 25.15% to 21.25%.

**MAJOR CINEPLEX GROUP PUBLIC COMPANY LIMITED**

**INTERIM CONSOLIDATED AND COMPANY  
FINANCIAL STATEMENTS  
(UNAUDITED)**

**31 MARCH 2006**