

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 2007 of Major Cineplex Group Public Company Limited and its subsidiaries and of Major Cineplex Group Public Company Limited ("the Company") and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2007 and 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 reviews.

I conducted my reviews 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 reviews, 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.

I have audited the consolidated and company financial statements for the year ended 31 December 2006 of Major Cineplex Group Public Company Limited and its subsidiaries and of Major Cineplex Group Public Company Limited in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements in my report dated 23 February 2007. As discussed in Note 2 to the financial statements, from 1 January 2007, the Company has changed its accounting policy for investments in subsidiaries and associates in the company financial statements from equity method to cost method in order to comply with the Federation of Accounting Professions' announcement. The Company has applied retrospective adjustments to this change. Accordingly, the company balance sheet as at 31 December 2006, as part of the consolidated and company financial statements which I have audited and issued a report thereon as stated above, and the interim company financial statements for the quarter ended 31 March 2006, presented for comparative purposes, are restated.

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

Bangkok
14 May 2007

Major Cineplex Group Public Company Limited
Balance Sheets (Cont'd)
As at 31 March 2007 and 31 December 2006

		Unit: Baht'000			
		Consolidated		Company	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		As restated			
Notes	31 March 2007	31 December 2006	31 March 2007	31 December 2006	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
	Bank overdrafts and borrowings from financial institutions	514,980	1,341,547	122,054	915,743
	Trade accounts and notes payable	653,827	529,429	412,664	270,977
13	Amounts due to related parties	6,331	7,261	52,000	41,004
9	Current portion of borrowings from financial institutions	446,408	590,750	368,723	490,823
	Other accounts payable	203,426	239,255	93,687	106,055
	Accrued income tax	185,590	102,544	52,571	25,506
	Current portion of deferred rental and services income	17,661	17,762	-	-
	Accrued expenses	119,920	103,003	44,178	38,753
	Other current liabilities	181,367	169,651	46,103	34,332
	Total current liabilities	2,329,510	3,101,202	1,191,980	1,923,193
Non-Current Liabilities					
13	Borrowings from subsidiaries	-	-	320,475	220,346
9	Borrowings from financial institutions	855,532	1,104,792	826,564	1,075,216
	Deferred rental and services income	288,146	292,412	-	-
	Advance receipt from sponsors	15,750	5,250	15,750	5,250
	Rental deposits	89,216	78,739	23,265	17,342
	Other non-current liabilities	3,936	3,007	50,211	46,464
	Total non-current liabilities	1,252,580	1,484,200	1,236,265	1,364,618
	Total Liabilities	3,582,090	4,585,402	2,428,245	3,287,811

The notes on pages 10 to 24 are an integral part of these interim financial statements.

Major Cineplex Group Public Company Limited

Balance Sheets (Cont'd)

As at 31 March 2007 and 31 December 2006

		Unit: Baht'000			
		Consolidated		Company	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		As restated			
Notes	31 March 2007	31 December 2006	31 March 2007	31 December 2006	
LIABILITIES AND SHAREHOLDERS' EQUITY (Cont'd)					
Shareholders' Equity					
Share capital	10				
Authorised share capital		906,777	906,777	906,777	906,777
Issued and fully paid-up share capital		875,139	787,185	875,139	787,185
Share premium	10	3,754,998	2,735,697	3,754,998	2,735,697
Advance for share subscription	11	16,059	136,041	16,059	136,041
Retained earnings					
Appropriated - legal reserve		89,470	63,522	89,470	63,522
Unappropriated		618,867	447,932	175,091	(351,959)
Total parent's shareholders' equity		5,354,533	4,170,377	4,910,757	3,370,486
Minority interests		24,090	26,253	-	-
Total Shareholders' Equity		5,378,623	4,196,630	4,910,757	3,370,486
Total Liabilities and Shareholders' Equity		8,960,713	8,782,032	7,339,002	6,658,297

The notes on pages 10 to 24 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 2007 and 2006

		Unit: Baht'000			
		Consolidated		Company	
		As restated			
Notes		2007	2006	2007	2006
Revenues					
	Admissions	766,727	452,928	436,816	250,567
	Concessions sales	154,804	79,758	85,458	36,689
	Advertising services and sponsorship income	284,080	201,733	62,921	78,857
	Bowling and Karaoke services income	111,598	115,927	22,262	24,480
	Rentals and services income	112,550	104,329	23,829	15,843
	Sales of VCD/DVD and film rights	134,472	156,497	-	-
	Fitness services income	5,233	7,286	-	-
	Other operating income	28,089	12,996	82,057	64,680
	Total revenues	1,597,553	1,131,454	713,343	471,116
Expenses					
	Cost of film exhibition and theatre	641,633	375,626	383,267	246,553
	Cost of concessions	60,151	28,135	33,226	13,469
	Cost of advertising services	10,451	4,004	-	-
	Cost of bowling and Karaoke services	73,306	77,087	11,535	16,152
	Cost of rentals and services	59,209	46,936	1,643	1,623
	Cost of sales of VCD/DVD and film rights	109,358	76,294	-	-
	Cost of fitness services	1,957	2,760	-	-
	Selling and administrative expenses	301,523	294,076	136,542	113,384
	Total expenses	1,257,588	904,918	566,213	391,181
	Operating profit	339,965	226,536	147,130	79,935
	Dividends income	13	-	-	467,846
	Share of profit (loss) of investments - equity	6	(13,239)	20,820	-
	Profit before interest and tax	326,726	247,356	614,976	90,602
	Interest expense	(35,945)	(36,584)	(29,765)	(27,776)
	Income tax	(96,061)	(65,437)	(32,213)	(13,340)
	Profit before minorities	194,720	145,335	552,998	49,486
	Loss attributable to minorities	2,163	857	-	-
	Net profit for the period	196,883	146,192	552,998	49,486
		Baht	Baht	Baht	Baht
	Earnings per share	4			
	Basic earnings per share	0.24	0.21	0.66	0.07
	Diluted earnings per share	0.24	0.20	0.66	0.06

The notes on pages 10 to 24 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 2007 and 2006

Consolidated (Baht'000)								
	Notes	Issued and paid-up share capital	Share premium	Advance for share subscription	Legal reserves	Unappropriated retained earnings	Minority interests	Total
Opening balance 1 January 2007		787,185	2,735,697	136,041	63,522	447,932	26,253	4,196,630
Issuance of ordinary shares	10	87,954	1,019,301	(136,041)	-	-	-	971,214
Advance for share subscription	11	-	-	16,059	-	-	-	16,059
Legal reserve appropriation		-	-	-	25,948	(25,948)	-	-
Net profit (loss) for the period		-	-	-	-	196,883	(2,163)	194,720
Closing balance 31 March 2007		<u>875,139</u>	<u>3,754,998</u>	<u>16,059</u>	<u>89,470</u>	<u>618,867</u>	<u>24,090</u>	<u>5,378,623</u>
Opening balance 1 January 2006		709,323	1,840,200	16	14,405	348,063	12,492	2,924,499
Issuance of ordinary shares		1	15	(16)	-	-	-	-
Advance for share subscription		-	-	484,057	-	-	-	484,057
Share subscription in subsidiary made by minority		-	-	-	-	-	20,000	20,000
Net profit (loss) for the period		-	-	-	-	146,192	(857)	145,335
Closing balance 31 March 2006		<u>709,324</u>	<u>1,840,215</u>	<u>484,057</u>	<u>14,405</u>	<u>494,255</u>	<u>31,635</u>	<u>3,573,891</u>

The notes on pages 10 to 24 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 2007 and 2006

Company (Baht'000)						
Notes	Issued and paid-up sharecapital	Share premium	Advance for share subscription	Legal reserves	Unappropriated retained earnings	Total
Opening balance 1 January 2007 - as previously reported	787,185	2,735,697	136,041	63,522	447,932	4,170,377
Retrospective adjustments	2	-	-	-	(799,891)	(799,891)
Opening balance - as restated	787,185	2,735,697	136,041	63,522	(351,959)	3,370,486
Issuance of ordinary shares	10	87,954	1,019,301	(136,041)	-	971,214
Advance for share subscription	11	-	-	16,059	-	16,059
Legal reserve appropriation		-	-	25,948	(25,948)	-
Net profit for the period		-	-	-	552,998	552,998
Closing balance 31 March 2007	<u>875,139</u>	<u>3,754,998</u>	<u>16,059</u>	<u>89,470</u>	<u>175,091</u>	<u>4,910,757</u>
Opening balance 1 January 2006 - as previously reported	709,323	1,840,200	16	14,405	348,063	2,912,007
Retrospective adjustments	2	-	-	-	(449,822)	(449,822)
Opening balance - as restated	709,323	1,840,200	16	14,405	(101,759)	2,462,185
Issuance of ordinary shares	1	15	(16)	-	-	-
Advance for share subscription		-	484,057	-	-	484,057
Net profit for the period - as restated		-	-	-	49,486	49,486
Closing balance 31 March 2006	<u>709,324</u>	<u>1,840,215</u>	<u>484,057</u>	<u>14,405</u>	<u>(52,273)</u>	<u>2,995,728</u>

The notes on pages 10 to 24 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 2007 and 2006

	Notes	Unit: Baht'000			
		Consolidated		Company	
		2007	2006	2007	As restated 2006
Cash flows from operating activities	12	610,561	(80,440)	379,678	(19,148)
Cash flows from investing activities					
Payments for short-term investments		-	(589)	-	(580)
Loans made to related parties	13	(17,583)	-	(228,904)	(248,868)
Receipts from repayment of loans to related parties	13	-	-	44,380	112,369
Payment for investments in associates	6	(50,000)	-	(50,000)	-
Purchases of property and equipment		(315,440)	(240,813)	(217,759)	(96,174)
Receipts from repayments of loans made to employees		696	2,347	1,420	174
Payments for leasehold rights	7	(41,000)	(14,354)	(6,461)	-
Payments for film rights		(83,039)	(85,979)	-	-
Proceeds from disposal of property and equipment		797	500	-	-
Net cash payments for investing activities		(505,569)	(338,888)	(457,324)	(233,079)
Cash flows from financing activities					
Increase in restricted cash		(22)	(6,381)	-	-
Receipts (repayments) from short-term loans		(809,000)	309,067	(804,000)	127,000
Payments of finance lease liabilities		(352)	(14,359)	(752)	(13,811)
Receipts from loans from subsidiaries	13	-	-	112,500	52,600
Receipts from long-term borrowings	9	120,000	-	120,000	-
Repayments of loans from subsidiaries	13	-	-	(12,371)	(15,000)
Repayments of long-term borrowings	9	(513,250)	(94,750)	(490,000)	(70,000)
Cash received for share subscription	11	16,059	484,057	16,059	484,057
Issuance of ordinary shares	10	971,214	-	971,214	-
Share subscription in subsidiary received from minorities		-	20,000	-	-
Net cash receipts (payments for) financing activities		(215,351)	697,634	(87,350)	564,846
Net increase/(decrease) in cash and cash equivalents		(110,359)	278,306	(164,996)	312,619
Opening balance of cash and cash equivalents		404,698	282,555	241,038	145,647
Closing balance of cash and cash equivalents		294,339	560,861	76,042	458,266
Supplementary information for cash flows:					
Interest paid		35,945	30,788	29,766	28,124
Income tax paid		18,048	13,264	5,148	4,011

The notes on pages 10 to 24 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 2007 and 2006

	Unit: Baht'000			
	Consolidated		Company	
	2007	2006	2007	2006
Cash and cash equivalents as at 31 March comprise:				
Cash on hand and deposits held at call with banks	308,619	613,437	88,096	479,871
Bank overdrafts	(14,280)	(52,576)	(12,054)	(21,605)
Total cash and cash equivalents	<u>294,339</u>	<u>560,861</u>	<u>76,042</u>	<u>458,266</u>

Non-cash transactions

Significant non-cash transactions for the three-month periods ended 31 March 2007 and 2006:

	Unit: Baht'000			
	Consolidated		Company	
	2007	2006	2007	2006
Investments in property and equipment not yet paid	32,754	63,290	12,563	14,313
Purchases of film rights not yet paid	19,507	81,859	-	-
Purchases of property and equipment under finance leases	6,325	29,470	5,287	29,030

The notes on pages 10 to 24 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 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.

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.

The 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 2006 except for accounting policy for investment. The Company has adopted the guideline per the notification of Federation of Accounting Professions No. 26/2549 dated 11 October 2006 and No. 32/2549 dated 3 November 2006 in changing an accounting treatment from the equity method of accounting to the cost method of accounting for the investment in the subsidiaries and the associates presented in the separated financial statements by applying the retrospective method to record the adjustments from this accounting change (Note 2).

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.

Income tax expense is recognised based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

These interim financial statements should be read in conjunction with the 2006 annual financial statements.

These consolidated interim financial statements have been approved for issue by the Board of Directors on 14 May 2007.

2 Change in accounting policy with respect to the investments

TAS 44 (amendment 2006) - "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" and TAS 45 (amendment 2006) - Investment in Associated Company, are mandatory for Group's accounting period beginning 1 January 2007. This amendment requires for investments in subsidiaries and associates to be accounted for at cost (previously on equity method) in the Company financial statements. Income from the investment will be recognised when dividends are declared by the subsidiaries or associates.

The Group has applied retrospective adjustments for this change. The effects of the retrospective adjustments to the comparative company financial statements are as follows:

	<u>Baht'000</u>
Balance sheet as at 31 December 2006	
- Decrease in investments in subsidiaries and associates	754,354
- Increase in provision for liabilities on loss in subsidiaries (included in other non-current liabilities)	45,537
Shareholders' equity	
- Decrease in retained earnings as at 31 December 2006	799,891
- Decrease in retained earnings as at 1 January 2006	449,822
Statement of income for the three-month period ended 31 March 2006	
- Decrease in share of profit from investment by equity method	98,842
- Increase in loss from provision for loss on investments in subsidiaries	8,531
- Increase in dividend income	10,667
- Decrease in net profit for the period	96,706
- Decrease in basic earnings per share and diluted earnings per share (Baht)	0.14

Major Cineplex Group Public Company Limited
Unaudited Condensed Notes to the Consolidated and Company Financial Statements
For the interim period ended 31 March 2007

3 Segment information

Financial information by business segments:-

	Consolidated					Unit: Million Baht	
	Cinema business	Bowling and Karaoke business	Rental and services	VCD/DVD and film rights distribution	Fitness center	Eliminated	Consolidated
For the three-month period ended							
31 March 2007							
Revenues	1,203	118	160	151	5	(39)	1,598
Segment result	282	3	93	7	(1)	-	384
Unallocated costs							(44)
Share of loss of associates and minorities							(11)
Interest expenses and income tax							(132)
Net profit for the period							197
For the three-month period ended							
31 March 2006							
Revenues	735	119	148	165	7	(43)	1,131
Segment result	233	4	94	25	(1)	-	355
Unallocated costs							(129)
Share of profit of associates and minorities							22
Interest expenses and income tax							(102)
Net profit for the period							146

Major Cineplex Group Public Company Limited
Unaudited Condensed Notes to the Consolidated and Company Financial Statements
For the interim period ended 31 March 2007

4 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.

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 11).

The basic earnings per share and the diluted earnings per share for the three-month period ended 31 March are as follows:

	Consolidated					
	Net profit		Weighted average		Earnings	
	Baht'000		number of shares		per share	
	2007	2006	('000 shares)		(Baht)	
	2007	2006	2007	2006	2007	2006
Basic earnings per share	196,883	146,192	832,947	709,323	0.24	0.21
The effect of dilutive potential shares	-	-	612	24,199	-	(0.01)
Diluted earnings per share	<u>196,883</u>	<u>146,192</u>	<u>833,559</u>	<u>733,522</u>	<u>0.24</u>	<u>0.20</u>

	Company					
	Net profit		Weighted average		Earnings	
	Baht'000		number of shares		per share	
	2007	2006	('000 shares)		(Baht)	
	2007	2006	2007	2006	2007	2006
		As restated			As restated	
Basic earnings per share	552,998	49,486	832,947	709,323	0.66	0.07
The effect of dilutive potential shares	-	-	612	24,199	-	(0.01)
Diluted earnings per share	<u>552,998</u>	<u>49,486</u>	<u>833,559</u>	<u>733,522</u>	<u>0.66</u>	<u>0.06</u>

5 Trade accounts and notes receivable, net

	Unit: Baht'000			
	Consolidated		Company	
	31 March	31 December	31 March	31 December
	2007	2006	2007	2006
Unbilled revenue - advertising	41,302	51,420	-	-
Notes receivable	10,975	58,663	4,797	3,227
Trade accounts receivable				
- advertising	440,579	353,552	57,376	101,107
- sales of VCD, DVD and film rights	308,857	280,396	-	-
- others	165,923	163,741	67,374	60,942
Total	<u>967,636</u>	<u>907,772</u>	<u>129,547</u>	<u>165,276</u>
Less: Allowance for doubtful accounts	(60,015)	(56,516)	(1,083)	(1,083)
	<u>907,621</u>	<u>851,256</u>	<u>128,464</u>	<u>164,193</u>

Major Cineplex Group Public Company Limited
Unaudited Condensed Notes to the Consolidated and Company Financial Statements
For the interim period ended 31 March 2007

5 Trade accounts and notes receivable, net (Cont'd)

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

	Unit: Baht'000			
	Consolidated		Company	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Unbilled revenue - advertising	41,302	51,420	-	-
Trade accounts and notes receivable				
Current	460,763	466,168	25,279	42,301
Overdue below 3 months	183,286	255,888	45,092	69,372
Overdue 3 - 6 months	167,539	43,107	42,881	38,481
Overdue over 6 months	114,746	91,189	16,295	15,122
Total	967,636	907,772	129,547	165,276
<u>Less: Allowance for doubtful accounts</u>	(60,015)	(56,516)	(1,083)	(1,083)
	<u>907,621</u>	<u>851,256</u>	<u>128,464</u>	<u>164,193</u>

6 Investments in subsidiaries and associates

	Unit: Baht'000			
	Consolidated		Company	
	31 March 2007	31 December 2006	31 March 2007	As restated 31 December 2006
Investment in subsidiaries	-	-	1,667,680	1,667,680
Less : Allowance for impairment	-	-	(18,100)	(18,100)
Investment in subsidiaries, net	-	-	1,649,580	1,649,580
Investment in associates	585,221	587,739	514,608	465,008
Investment in subsidiaries and associates, net	<u>585,221</u>	<u>587,739</u>	<u>2,164,188</u>	<u>2,114,588</u>

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

	Company Baht'000
Investment in subsidiaries	
Opening net book amount - as previously reported	2,279,789
Retrospective adjustments (Note 2)	(630,209)
Opening net book amount - as restated	1,649,580
Acquisitions	-
Closing net book amount	<u>1,649,580</u>

Major Cineplex Group Public Company Limited
Unaudited Condensed Notes to the Consolidated and Company Financial Statements
For the interim period ended 31 March 2007

6 Investments in subsidiaries and associates (Cont'd)

a) Movements of investments in subsidiaries and associates are as follows: (Cont'd)

	Unit: Baht'000	
	Consolidated	Company
Investment in associates		
Opening book amount - as previously reported		589,153
Retrospective adjustments (Note 2)		(124,145)
Opening book amount - as restated	587,739	465,008
Acquisitions	52,185	52,185
Disposal	(3,618)	(2,585)
Dividends received	(37,846)	
Share of results	(13,239)	-
Closing book amount	585,221	514,608

On 21 February 2007, the Company has received 5,993 ordinary shares with par value of Baht 100 per share, representing 60% of interest in Major Online Company Limited from other shareholders of that company at no cost. As a result, the Company holds all 10,000 shares in Major Online Company Limited. The Company has gain from obtaining such shares amounting to Baht 2.19 million.

On 26 February 2007, the Company has invested in the ordinary shares of Ratchayothin Avenue Company Limited ("RAC") at par value amounting to Baht 50 million, representing 50% of interest. The Company treats this investment as associate because there is an agreement with the other shareholder, Siam Future Development Public Company Limited ("Siam Future"), another associate of the Company, that Siam Future will control the management of the operations in RAC and will consolidate the financial statements of RAC in the financial statements of Siam Future.

Subsequently on 12 March 2007, the Company has sold all 10,000 ordinary shares of Major Online Company Limited to RAC for a consideration of Baht 1 million. As a result, the Company has gain on sales of investment amounting to Baht 2.62 million and Baht 1.59 million in the consolidated and company financial statements, respectively.

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

	Nature of business	Nature of relationship	% Ownership Interest
Subsidiaries			
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	90.00
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

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6 Investments in subsidiaries and associates (Cont'd)

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

	<u>Nature of business</u>	<u>Nature of relationship</u>	<u>% Ownership Interest</u>
Subsidiaries under EGV			
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
Subsidiaries under PMEG			
Pacific Media Sale Co., Ltd.	Distribution of tape, CD, VDO, VCD and DVD	Indirect shareholding	79.98
Associates			
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	21.25
Ratchayothin Avenue Co., Ltd.	Rental of building space and utilities services	Shareholder	50.00
		Indirect shareholding via Siam Future	10.625
Associates under PMEG			
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.

7 Capital expenditure and commitments

	Unit: Baht'000			
	<u>Consolidated</u>		<u>Company</u>	
	<u>Property and equipment</u>	<u>Leasehold rights</u>	<u>Property and equipment</u>	<u>Leasehold Rights</u>
For the three-month period ended 31 March 2007				
Opening net book amount	4,956,303	693,835	1,543,932	191,610
Additions	356,127	41,000	266,927	6,461
Disposals and write-off, net	(2,548)	-	-	-
Depreciation charge	(159,490)	(8,493)	(60,848)	(2,070)
Closing net book amount	<u>5,150,392</u>	<u>726,342</u>	<u>1,750,011</u>	<u>196,001</u>

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8 Intangible assets

	Consolidated (Baht'000)	
	Film rights	Goodwill
For the three-month period ended 31 March 2007		
Opening net book amount	294,133	140,705
Additions	39,987	-
Amortisation	(40,982)	(6,542)
Closing net book amount	<u>293,138</u>	<u>134,163</u>

9 Long-term borrowing from financial institutions

	Unit: Baht'000			
	Consolidated		Company	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Current portion				
-Financial lease liabilities	2,981	2,823	2,723	2,823
-Bank borrowings	443,427	587,927	366,000	488,000
Total current portion of long-term borrowings	<u>446,408</u>	<u>590,750</u>	<u>368,723</u>	<u>490,823</u>
Non-current				
-Financial lease liabilities	3,344	3,854	2,564	3,216
-Bank borrowings	852,188	1,100,938	824,000	1,072,000
Total non-current borrowings	<u>855,532</u>	<u>1,104,792</u>	<u>826,564</u>	<u>1,075,216</u>
Total long-term borrowings	<u>1,301,940</u>	<u>1,695,542</u>	<u>1,195,287</u>	<u>1,566,039</u>

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

	Unit: Baht'000	
	Consolidated	Company
For the three-month period ended 31 March 2007		
Opening amount	1,688,865	1,560,000
Borrowings during the period	120,000	120,000
Repayments during the period	(513,250)	(490,000)
Closing amount	<u>1,295,615</u>	<u>1,190,000</u>

Long-term bank borrowings bear interest at the rate ranging from 3.50% to 7.00% per annum and are secured by certain property, building and leasehold rights.

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10 Share capital and premium on share capital

	Authorised number of share Share'000	Issued and fully paid up shares		Share premium Baht'000
		Number of shares Shares'000	Ordinary shares Baht'000	
For the three-month period ended 31 March 2007				
Opening balance	906,777	787,185	787,185	2,735,697
Issuance of shares	-	87,954	87,954	1,019,301
Closing balance	906,777	875,139	875,139	3,754,998

As at 31 March 2007, the total authorised number of ordinary shares is 907 million shares (31 December 2006: 907 million shares) with par value of Baht 1 per share (31 December 2006: Baht 1 per share).

The new shares issued during the period are in connection with the exercises of warrants as mentioned in Note 11.

11 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 bellows:

	Issued date	Issued units (Million)	Exercise price (Baht/unit)	Exercise period	
				Start	End
ESOP-W1	27 May 2003	19.5	11.878	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 2 February 2007 onwards are as follows:

	Exercise Ratio (unit/share)		Exercise price (Baht/unit)	
	Old	New	Old	New
ESOP-W1	1.086	1.108	12.120	11.878
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 2007, warrants are exercised by 1.22 million units and 74.71 million units of ESOP-W1 and MAJOR-W1, respectively. The Company has received advance for share subscription Baht 16.06 million during this quarter and registered the increase in share capital with the Ministry of Commerce on 20 April 2007.

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12 Cash flows from operating activities

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

	Unit: Baht'000			
	Consolidated		Company	
	31 March 2007	31 March 2006	31 March 2007	As restated 31 March 2006
Net profit for the period	196,883	146,192	552,998	49,486
Adjustments for:				
Depreciation and amortisation charges (Note 7 and 8)	215,507	196,450	62,918	54,498
Realised deferred revenue	(9,367)	(29,860)	(5,000)	-
Allowance for doubtful accounts (reversal)	3,499	(4,739)	-	-
Provision for goods returns (reversal)	(11,025)	(5,868)	-	-
Loss on disposals of equipment	1,751	263	-	-
Loss (profit) from disposal of investment in associated company	433	-	(600)	-
Shares of (profit) loss of investments in associates (Note 6)	13,239	(20,820)	-	-
Provision for liabilities in subsidiaries	-	-	3,803	8,531
Share of net results of subsidiaries to minorities	(2,163)	(857)	-	-
Changes in operating assets and liabilities:				
- trade accounts and notes receivable	(59,864)	(94,201)	35,729	13,596
- account receivable - sponsors	(8,632)	(32,332)	11,123	(56,643)
- amounts due from related parties	3,529	-	(23,925)	(38,819)
- inventories	3,649	(7,991)	6,602	(1,221)
- value added tax receivable	6,526	(15,713)	(1,907)	-
- dividend receivable	-	-	(467,846)	(10,667)
- other current assets	(56,417)	15,751	(21,188)	(9,846)
- other assets	3,399	(31,328)	1,449	323
- trade accounts and notes payable	167,450	(237,102)	141,687	(61,307)
- amounts due to related parties	(930)	-	10,996	(348)
- accrued expenses	16,917	33,153	5,425	1,943
- other accounts payable	(1,516)	(59,419)	12,211	(5,852)
- accrued income tax	83,046	52,173	27,065	9,329
- other current liabilities	22,741	(39,188)	11,771	(6,470)
- advanced received from sponsors	10,500	34,000	10,500	34,000
- other liabilities	11,406	20,996	5,867	319
Cash flows from operating activities	<u>610,561</u>	<u>(80,440)</u>	<u>379,678</u>	<u>(19,148)</u>

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13 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.

The following material transactions were carried out with related parties:

i) Sales of goods and services and others

	Unit: Baht'000			
	Consolidated		Company	
	2007	2006	2007	2006
For the three-month period ended 31 March				
Management income				
Subsidiaries	-	-	40,158	40,158
Related companies	1,200	1,200	1,200	1,200
	<u>1,200</u>	<u>1,200</u>	<u>41,358</u>	<u>41,358</u>
Advertising income				
Subsidiaries	-	-	30,840	30,872
Interest income				
Subsidiaries	-	-	35,059	20,493
Equipment rental income				
Subsidiaries	-	-	13,500	13,500
Rental and service				
Associates	15,544	9,327	-	-
Related companies	641	-	-	-
	<u>16,185</u>	<u>9,327</u>	<u>-</u>	<u>-</u>
Dividend income				
Subsidiaries	-	-	430,000	-
Associates	-	-	37,846	10,667
	<u>-</u>	<u>-</u>	<u>467,846</u>	<u>10,667</u>

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13 Related party transactions (Cont'd)

ii) Purchase of goods and services and others

	Unit: Baht'000			
	Consolidated		Company	
	2007	2006	2007	2006
For the three-month period ended 31 March				
Rental and area service expenses				
Subsidiaries	-	-	15,241	13,937
Associates	3,663	2,265	1,536	984
Related companies	12,705	13,413	12,705	11,528
	<u>16,368</u>	<u>15,678</u>	<u>29,482</u>	<u>26,449</u>
Rental of equipments				
Subsidiaries	-	-	9,000	9,000
Related companies	1,800	6,167	5,400	5,400
	<u>1,800</u>	<u>6,167</u>	<u>14,400</u>	<u>14,400</u>
Interest expense				
Subsidiaries	-	-	5,465	1,978
Management expense				
Related companies	5,850	5,850	5,850	5,850
Computer service				
Associates	-	2,426	-	2,146

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

	Unit: Baht'000			
	Consolidated		Company	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Trade accounts receivable (included in "Trade accounts and notes receivable")				
Subsidiaries	-	-	59,214	102,986
Associates	3,714	7,983	-	-
Related company	225	-	-	-
	<u>3,939</u>	<u>7,983</u>	<u>59,214</u>	<u>102,986</u>
Other receivables				
Subsidiaries	-	-	354,500	328,282
Associates	923	4,456	87	1,127
Related company	4	-	-	-
	<u>927</u>	<u>4,456</u>	<u>354,587</u>	<u>329,409</u>
Dividend receivables				
Subsidiaries	-	-	430,000	-
Associates	37,846	-	37,846	-
	<u>37,846</u>	<u>-</u>	<u>467,846</u>	<u>-</u>

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Unaudited Condensed Notes to the Consolidated and Company Financial Statements
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13 Related party transactions (Cont'd)

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

	Unit: Baht'000			
	Consolidated		Company	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Trade accounts payable (included in "Trade accounts and notes payable")				
Subsidiaries	-	-	136,450	82,745
Associates	-	10,372	-	2,752
Related company	7,201	-	-	-
	<u>7,201</u>	<u>10,372</u>	<u>136,450</u>	<u>85,497</u>
Other payables				
Subsidiaries	-	-	46,000	40,039
Associates	331	6,661	-	365
Related company	6,000	600	6,000	600
	<u>6,331</u>	<u>7,261</u>	<u>52,000</u>	<u>41,004</u>

iv) Loans to related parties

	Unit: Baht'000	
	Consolidated	Company
For the three-month period ended 31 March 2007		
Subsidiaries and associates		
Beginning balance	2,950	1,741,790
Loans made during the period	18,583	229,904
Loans repayments received during the period	-	(44,380)
Ending balance	<u>21,533</u>	<u>1,927,314</u>

The loans to subsidiaries and associates are carrying interest at the rate ranging from 7.50% to 8.00% per annum and there is no specific repayment date.

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13 Related party transactions (Cont'd)

v) Loans from related parties

	Company Baht'000
For the three-month period ended 31 March 2007	
Subsidiaries	
Beginning balance	220,346
Loans acquired during the period	112,500
Loans repaid during the period	(12,371)
Ending balance	<u>320,475</u>

The loans from subsidiaries are carrying interest at the rate ranging from 7.50% to 8.00% per annum and there is no specific repayment date.

vi) Guarantee

As of 31 March 2007, the Company has given guarantee for bank loans granted to subsidiaries being Pacific Marketing and Entertainment Group Co., Ltd., M Pictures Co., Ltd. and Exertainment Co., Ltd. for a total of Baht 808.2 million (31 December 2006: Baht 808.2 million).

14 Commitments and contingencies

i) Bank guarantees

These are bank guarantees given on behalf of the Group to third parties amounting to Baht 123.84 million outstanding as at 31 March 2007 (Baht 99.40 million as at 31 December 2006).

ii) Operating Lease commitments - where a group company is the lessee

As of 31 March 2007, 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:

	Unit: Million Baht			
	Consolidated		Company	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Not later than 1 year	399	454	150	147
Later than 1 year but not later than 5 years	1,715	1,948	635	630
Later than 5 years	4,877	5,445	959	1,000
	<u>6,991</u>	<u>7,847</u>	<u>1,744</u>	<u>1,777</u>

15 Event after balance sheet date

Annual General Meeting

At the Annual General Meeting of the shareholders held on 2 April 2007, the shareholders passed a resolution to approve the following matter:

i) Dividends

Dividends in respect of the period from July to December 2006 of Baht 0.43 per share, totalling Baht 376.31 million are payable to the shareholders on 20 April 2007.

ii) Decrease and increase in share capital

The shareholders passed a resolution to approve the decrease of authorised share capital from 907 million shares with a par value of Baht 1 per share to 886 million shares with a par value of Baht 1 per share and increase of authorised share capital from 886 million shares to 906 million shares with a par value of Baht 1 per share. The Company registered the decrease and increase in share capital with the Ministry of Commerce on 11 April 2007.

MAJOR CINEPLEX GROUP PUBLIC COMPANY LIMITED

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

31 MARCH 2007