Major Ratanathibate, a new Standalone Cineplex

Major Cineplex Group Plc.
1839 Phaholyothin Road, Jatuchak, Ladyao, Bangkok 10900,Thailand
Tel: +662 511 5427-36 ■ Fax: +662 511 5752
http://corporate.majorcineplex.com ■ http://www.majorcineplex.com

LIFESTYLE entertainment company •• annual report of 2007

LIFESTYLE entertainment

annual report of 2007

Maneuvering in the Storm

Year 2007 was another proof of MAJOR's resilience to maneuver & deliver a solid set of results despite the unfavorable macroeconomics & the political uncertainties.

Platforms for Growth

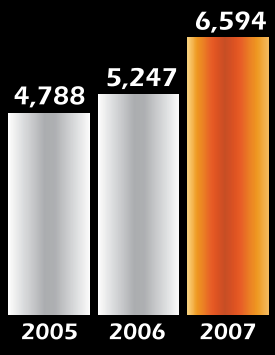
Positive developments have stacked up as stepping stones for future growth, not only for MAJOR, but also for the entire industry

MAJOR CINEPLEX

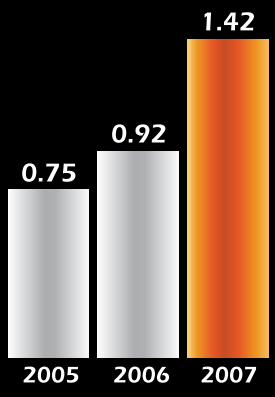
Lifestyle Entertainment Company

Major Cineplex Group Plc.
1839 Phaholyothin Road, Jatuchak, Ladyao Bangkok 10900, Thailand
Tel: +66 2511 5427-36 ■ Fax: +66 2511 5752
http://corporate.majorcineplex.com ■ http://www.majorcineplex.com

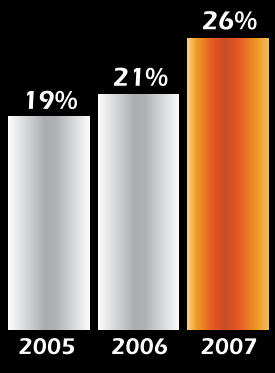
Financial Highlights



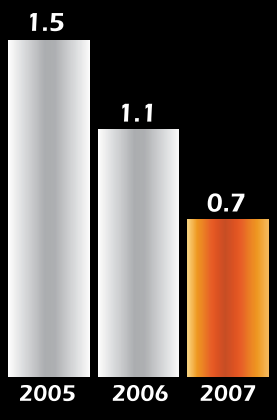
Revenue



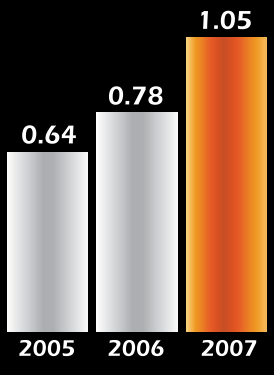
EPS



ROCE



D/E Ratio



Dividend

As of December 31	2005	2006	2007
Revenue (Million baht)	4,788	5,247	6,594
EBITDA (Million baht)	1,376	1,741	2,215
Net Profit (Million baht)	535	695	1,227
EBITDA margin	29%	33%	34%
Net margin	11%	13%	19%
Total Asset (Million baht)	7,380	8,782	9,294
Total Liabilities (Million baht)	4,455	4,585	3,672
Total Equity (Million baht)	2,924	4,197	5,622
Number of shares (Million)	709.32	787.18	879.93
Book value (Baht)	4.12	5.33	6.39
Earnings per share (Baht)	0.75	0.92	1.42
Dividend per share (Baht)	0.64	0.78	1.05
Dividend payout	85%	85%	74%
Net interest-bearing D/E (times)	0.85	0.62	0.30
Return on asset	8%	9%	14%
Return on equity	19%	20%	25%

...Steady revenue growth
...Healthy EPS growth
...Rising profitability
...Financially sound
...Attractive dividends

CONTENTS

LIFESTYLE entertainment

messages

04 **Chairman of the Board**
"Maneuvering in the Storm"

06 **Chairman of the Executive Committee & CEO**
"Platforms for Growth"

people

10 **Board of Directors**
Executive Committee & Audit Committee
Management Team

organization

16 **Organization Chart**

18 **Group Structure**

20 **General Information of Company, Subsidiaries & Associates**

businesses

22 **Business Overview**
"Lifestyle Entertainment Company"
23 Cinema
26 Bowling, Karaoke & Ice Skating
28 Advertising Services
29 Rentals & Services
30 Film Distribution

31 **Strategic Investments**
Siam Future, CAWOW, TTM, MJLF

32 **Risk Factors**

governance

34 **Corporate Governance**
43 Internal Information Control
44 Human Resources
45 Employee Stock Option Programs
48 Related Transactions
49 Major Shareholders

50 **Social Activities**

financials

52 **Report from Board of directors and management team**
52 MD&A
54 Audit Committee Report
55 Responsibility Statement from Board of Directors to Financial Statements

57 **Financial Statements**

65 **Notes to the Financial Statements**

Milestone

February 26, 2007
Invested 50% in Ratchayothin Avenue Co.,Ltd. for an amount of Baht 50,000,000 in a joint venture with Siam Future Development Plc.

June 8, 2007
Invested 40% in Thai Ticket Master.Com Co.,Ltd. for an amount of Baht 31,200,000 to add ticketing sales channel and create additional value from existing assets. Subsequently, Thai Ticket Master.Com Co.,Ltd. has changed the company name to Thai Ticket Major Co.,Ltd.

June 12, 2007
Listed Major Cineplex Lifestyle Property Fund (MJLF) with a value of Baht 2,300 Million on the Stock Exchange of Thailand. Positive responses were received from the investment community. MAJOR invested 33% in MJLF.

July 11, 2007
Opened a new Cinema at Changwattana serving 4 screens, while bowling and karaoke rooms was opened in 2006

August 9, 2007
Opened a new branch at Pattaya serving 8 screens, 22 lanes and 9 karaoke rooms

October 11, 2007
Opened a new branch at Cholburi serving 4 screens, 10 lanes and 8 karaoke rooms

December 7, 2007
Opened a new branch at Krabi serving 4 screens

MESSAGES

Chairman of the Board of Directors
Somchainuk Engtrakul

Maneuvering in the Storm

> *"Year 2007 was another proof of MAJOR's resilience to maneuver and deliver a solid set of results despite the unfavorable macroeconomics and the political uncertainties."*

Year 2007 was another proof of MAJOR's resilience to maneuver and deliver a solid set of results despite the unfavorable macroeconomics and the political uncertainties. Our persistent efforts in the business model developments have produced fruitful results as we have accomplished a number of important milestones that are expected to pave way for the future growth.

The political uncertainties have dented the confidence of the local consumers and the business communities around the country. Some of the measures put in place to curb the unjustifiable sharp appreciation of the Thai baht may have shunned many foreign investors. The consequence: consumers spending have been sluggish. Many large-scale investment projects have been halted or redirected elsewhere in the region. Many have inevitably taken a wait-and-see stance, longing for a better visibility post the election of the new government.

In spite of the unfavorable surroundings, MAJOR still continued to evolve in its fundamentals and was able to deliver stellar growth all the way from the top to the bottom line. The total revenues grew by 26%, while the net profit was up 76%. The strong growth was delivered by a combination of the healthy cinema business, the robust advertising services business, and the launch of the Major Cineplex Lifestyle Property Fund (MJLF). The concrete line-up of strong films played a vital role in fueling the revenue growth across all business units, while the successful launch of the MJLF with immense market responses helped drive the net profit. The fund was

MAJOR still continued to evolve in its fundamentals and was able to deliver stellar growth all the way from the top to the bottom line.

able to raise Bt2.3 billion, all from the local investors, and purchased two of our Standalone projects amid the control on the foreign capital movements.

The business model enhancement efforts in 2007 include the strategic investments in Traffic Corner (TRAF) and Thai Ticket Major (TTM). With its media portfolio, TRAF has been added to the Group to strengthen our existing film distribution business. For TTM being Thailand's largest ticketing agent for concerts, sports events, transportation tickets, etc., the TTM deal is about adding new services at the box offices thereby enhancing the utilization of assets and resources. Additional value is that traffic flow into the Cineplexes could also grow, providing MAJOR with more opportunity for cross-selling activities among its lifestyle entertainment services within the network.

On behalf of the management team, I would like to express my full gratitude towards all customers, employees, shareholders, business partners and related organizations for your endeavors, supports and trust. I greatly appreciate your confidence in the Company and look forward to more successes in the years ahead.

Best regards,

Somchainuk Engtrakul
Chairman of the Board

MESSAGES

Chairman of the Executive Committee & CEO
Vicha Poolvaraluck

MAJOR has gone through a great year in 2007. Many positive developments, both evolved with the market forces as well as being developed by the internal efforts, have taken place during the year. All have stacked up as stepping stones for future growth, not only for MAJOR, but also for the entire industry as a whole.

By the market forces, the momentum for Thai films has apparently been upbeat throughout the year. It has started as early as in the first quarter of 2007 with the releases of the two episodes of King Naresuan, epic films about one of Thailand's Greatest Kings. Many locally-produced films from various studios have consistently been released in the subsequent quarters. Some have underperformed, but many have unexpectedly been very well responded by the market. They all have collectively pushed up the Thai films admissions sales growth over 50% and contributed about half of the overall admission sales, compared to about 40% in 2006. This trend is even more pronounced on our provincial screens. Many of our newer provincial locations are now expected to payback earlier than scheduled. The implication is that MAJOR can now expand into the vast untapped markets around the country with higher level of confidence.

Internally, a solid platform for greater success of theatrical releases has been created following the completion of M Pictures and Traffic Corner (TRAF) merger. By swapping our shares in M Pictures with new TRAF shares, M Pictures is now positioned as a fully-equipped theatrical distributor with media portfolio to promote its film releases to the wider audience. Combining with PMEG, our downstream DVD&VCD distributor, the Group has transformed into a provider of

> *"Positive developments have stacked up as stepping stones for future growth, not only for MAJOR, but also for the entire industry as a whole"*

> *Thai film producers can now focus on improving film quality, knowing that a new breed of distribution services has emerged.*

"Comprehensive Film Distribution Services" with stronger potentials to derive higher revenues in the cinema window as well as in the home distribution window. Thai film producers can now focus on improving film quality, knowing that a new breed of distribution services has emerged.

The successful launch of Major Cineplex Lifestyle Property Fund (MJLF) marks another important page of MAJOR's history. It has not only enabled MAJOR to leap forward, but also strengthened the fundamental by reinforcing the financial position and rendering itself as a conduit for higher returns in the future. Proceeds from injecting existing projects into the fund can be reinvested into new Standalone Cineplex, MAJOR's original model that yields the highest return. Thus, MJLF becomes a vehicle to unlock future growth that should allow "P&L" to grow at faster pace than the balance sheets, implying improvement of returns over time.

The year 2008 would still be another exciting year of continual expansion and new business opportunity. Prudent execution on the solid growth platform created in 2007 should help MAJOR in its relentless efforts in enhancing shareholders' value and developing the Thai entertainment industry as a whole.

Best regards,

Vicha Poolvaraluck
Chairman and CEO

Platforms for Growth

> *MJLF becomes a vehicle to unlock future growth that should allow 'P&L' to grow at faster pace than the balance sheets, implying improvement of returns over time.*

PASSION

PEOPLE

Directors &Management Team

Somchainuk Engtrakul Age 63

Chairman of the Board

- Ph.D (Honorary Degree) in Public Administration, Sripathum University
- Bachelor Degree of Law, Sripathum University
- Bachelor Degree of Art (Economics), UPSALA COLEGE NEW JERSEY, USA

Experience

- Oct 2004 - Present, Chairman, Major Cineplex Group Plc.
- 2000 - 2004, Permanent Secretary, Ministry of Finance
- 1997 - 2000, Director - General, The Customs Department, Ministry of Finance
- 1996 - 1997, Director - General, The Excise Department, Ministry of Finance

Other positions

- Chairman, Dhipaya Insurance Plc.
- Chairman, National Credit Bureau Company Limited

Vicha Poolvaraluck Age 44

Director and Chairman of the Executive Committee

Shareholding 37.2%

- Master Degree of Business Administration, United States International University of San Diego, USA
- Bachelor Degree of Business Administration, Chulalongkorn University

Experience

- 1995 - Present, Chairman, Major Cineplex Group Plc.
- 2003 - Present, Director, Siam Future Development Plc.
- 2003 - Present, Director, California WOW Xperience Plc.

Other positions

- Director, Member Activities, Chulalongkorn University Alumni Association
- MAI Advisory Committee, Market of Alternative Investment

Verawat Ongvasith Age 37

Director and Executive Director

Shareholding 0.9%

Relationship with Management

Younger brother of the Chairman's spouse

- Master Degree of Business Administration, Boston University USA
- Bachelor Degree of Business Administration, Chulalongkorn University

Experience

- 2002 - Present, Director / Executive Director, Major Cineplex Group Plc.
- 2003 - Present, Director, Siam Future Development Plc.
- 2003 - Present, Director, California WOW Xperience Plc.

Paradee Poolvaraluck Age 44

Director and Executive Director

Shareholding 3.12%

Relationship with Management

Chairman's spouse

- Master Degree of Business Administration, United States International University of San Diego, USA
- Bachelor Degree of Business Administration, Chulalongkorn University

Experience

- 1998 - Present, Director / Executive Director, Major Cineplex Group Plc.

Thanakorn Puriwekin Age 52

Director and Chief Films Officer

Shareholding : 0.11%

- Master Degree of Business Administration, United States International University of San Diego, USA
- Bachelor Degree of Business Administration, Bangkok University

Experience

- 1995 - Present, Director / Chief Films Programming & Business Relations, Major Cineplex Group Plc.

PEOPLE

Attasith Damrongrat Age 43

Director

- Master of Arts in Political Science, Ramkhamhang University
- Bachelor of Engineering, Chulalongkorn University

Experience

- Nov 07 - Present, Director Major Cineplex Group Plc.

Other positions

- Advisor, Thai Press Association
- Director, MMP Chulalongkorn University
- Director, Thai - Hong Kong Business Council
- Director, Thai Contractors Association

Wichai Poolworaluk Age 47

Director

Shareholding 0.47%

Relationship with Management

Cousin of Chairman

- Bachelor Degree of Economics, Thammasat University
- Marketing Management Program, Chulalongkorn University
- Mini Master of Business Administration Programme, Chulalongkorn University

Experience

- 2005 - Present, Director, Major Cineplex Group Plc.
- 2003 - 2004, Chief Executive Officer, EGV Entertainment Plc.
- 2002 - 2004, Chairman, EGV Entertainment Plc.

Other positions

- President, Thai Investors Associate
- Director, Woraluk Property Co., Ltd.
- Director, Woraluk International Co., Ltd.

Chai Jroongtanapibarn Age 53

Independent Director & Chairman of Audit Committee

- Master Degree of Science Accounting, Thammasart University
- Bachelor Degree of Accounting, Chulalongkorn University

Experience

- 2002 - Present : Independent Director & Audit Committee Major Cineplex Group Plc.
- 1980 - 1997 : Executive Director & Chief Finance Officer, The Minor Group

Other positions

- Chairman of Audit Committee, Team Precision Plc.
- Chairman of Audit Committee, Thai Metal Trade Plc.
- Director, Siam Future Development Plc.
- Audit Committee, 124 Communications Plc.

Directors &Management Team

Wallop Tangtrongchitr Age 56

Independent Director and Audit Committee

Shareholding : 0.01%

- Master Degree of Business Administration, Chapman University, USA
- Bachelor Degree of Business Administration, San Diego University, USA

Experience

- 2002 - Present : Independent Director / Audit Committee, Major Cineplex Group Plc.
- 1995 - 1997 : Co-Ordinator, Regency Co.,Ltd.
- 1983 - 1995 : Manager, Wellcom Co.,Ltd.
- 1977-1983 : Project Co-Ordinator, Viwat Construction Ltd.

Other positions

- Managing Director, Potara Co.,Ltd

Naruenart Ratanakanok Age 52

Independent Director and Audit Committee

- Bachelor of Business Administration (Economics), University of Detroit, USA

Experience

- 1995 - 1997 : Managing Director, GF Capital Security
- 1984 - 1987 : Business Development Manager, Citycorp Capital Security

Other positions

- Executive Director, Livesmart Company Limited
- Audit Committee, Major Cineplex Group Plc.

Panithan Sethabutra Age 50

Director and Chief Operations Officer

- Master Degree Business Administration - Marketing, Golden Gate University, USA
- Bachelor Degree Business Administration - Management, Golden Gate University, USA
- Bachelor Degree Business Administration - Advertising, Ramkhamhaeng University

Experience

- Dec 2001- Apr 2006, Managing Director, Yum Restaurants International (Thailand) Co., Ltd.
- 1996 - 2001, Chief Operating Officer, Tricon Restaurants International (Thailand) Co.,Ltd
- 1990 - 1996, Deputy General Manager, KFC International (Thailand) Co., Ltd.

PEOPLE

Yupin Garnjanawigai Age 44

Assistant to CEO

- Master Degree in Accounting, Thammasart University
- Bachelor Degree in Accounting, Thammasart University

Experience

- 2003-2004, Vice President - Finance and Operations, U Star (Thailand) Co., Ltd.
- 1996-2002, Finance Director, Yum Restaurants International (Thailand) Co.,Ltd.
- 1986-1996, Manager, SGV-Na Thalang Co., Ltd.

Other Positions

- Executive Director, Thanasiri Baanlaesuan Co., Ltd.

Anavach Ongvasith Age 40

Chief Cinema Officer

Shareholding 0.12%

Relationship with Management

Cousin of the Chairman's spouse

- Master Degree of International Business, Boston University, USA
- Bachelor Degree of Business Administration, Assumption University

Experience

- 2006 - Present, Chief Cinema Business, Major Cineplex Group Plc.
- 1997 - 2005, Chief Marketing Officer Major Cineplex Group Plc.
- 1992 - 1996, Marketing Manager, Siam Retail Development Ltd.

Richard H. von Waldegg Age 42

Chief Bowling Officer

- SITC TETE-DE-RAN, Swiss Hotel School Diploma, Switzerland

Experience

- 1999 - 2006, General Manager, SLRT Limited (The Minor Food Group)
- 1995 - 1999, General Manager, SSP Co.,Ltd. (The Minor Food Group)
- 1994 - 1995, Production Manager, LSG Lufthansa Service (Siam Flight Service Limited)

Directors &Management Team

Chatthaphum Khantiviriya Age 46

Chief Financial Officer

Shareholding 0.004%

- Master Degree of Business Administration, Kasetsart University
- Bachelor Degree of Accounting, Chulalongkorn University

Experience

- Mar 07 - Present, Chief Financial Officer, Major Cineplex Group Plc.
- Mar - Dec 06, Deputy Managing Director, RS Plc.
- 1998 - Mar 06, Chief Financial Officer, Major Cineplex Group Plc.

Jinda Wantanahatai Age 45

Chief Retails Officer

Shareholding 0.004%

- Bachelor Degree of Arts, Chandrakasem Rajabhat University

Experience

- 1993 - 1995, Marketing Manager, The Mall Group Co.,Ltd.
- 1990 - 1992, Marketing Manager, AG Wilkinson Property
- 1982 - 1989, Marketing Manager, Dynasty Agency

Jiradej Nusthit Age 39

Chief Corporate Strategy & Investor Relations Officer

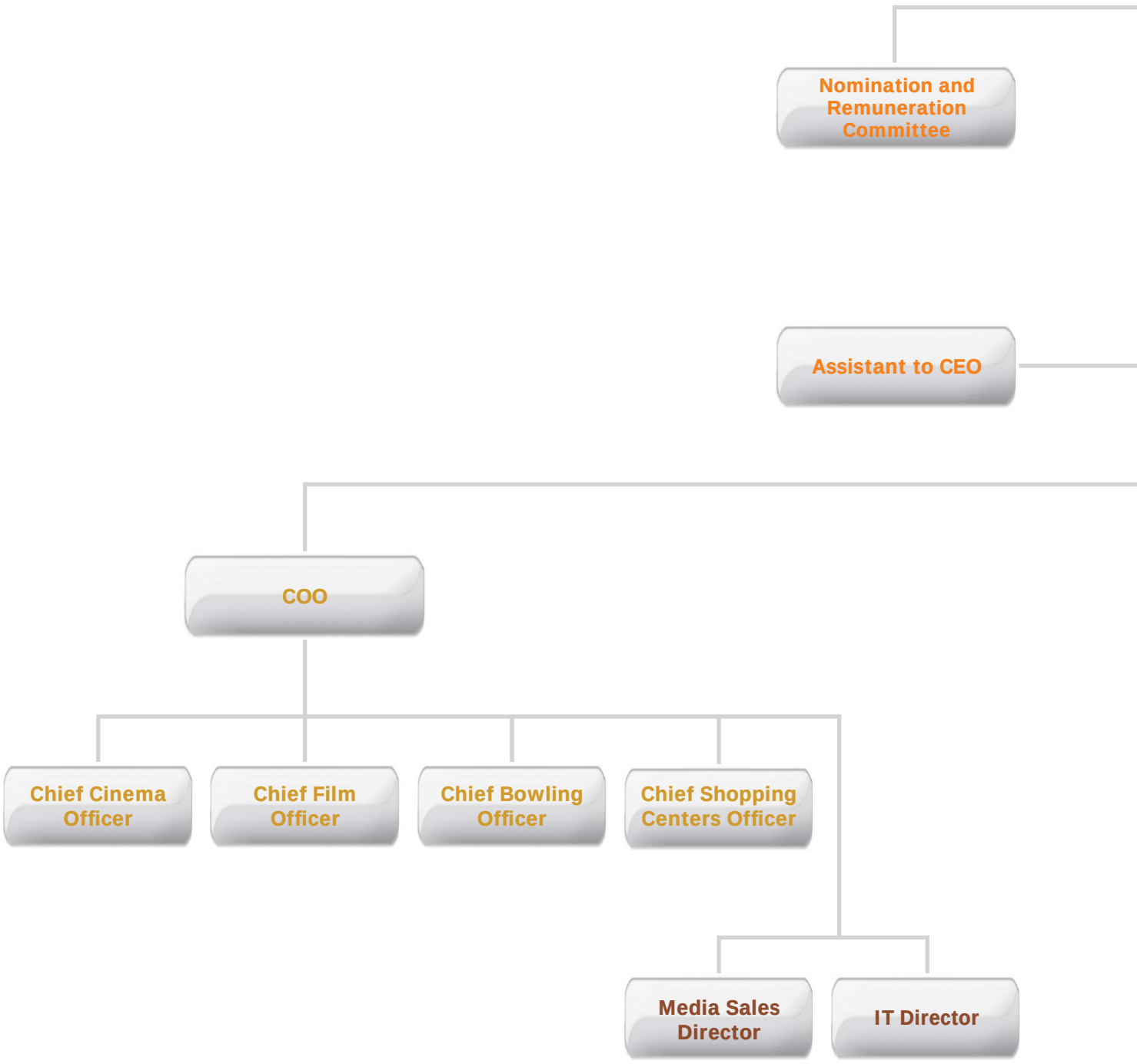
- Master Degree of Business Administration, National University, San Diego, USA
- Bachelor Degree, Computer Science, University of California - San Diego, La Jolla, USA

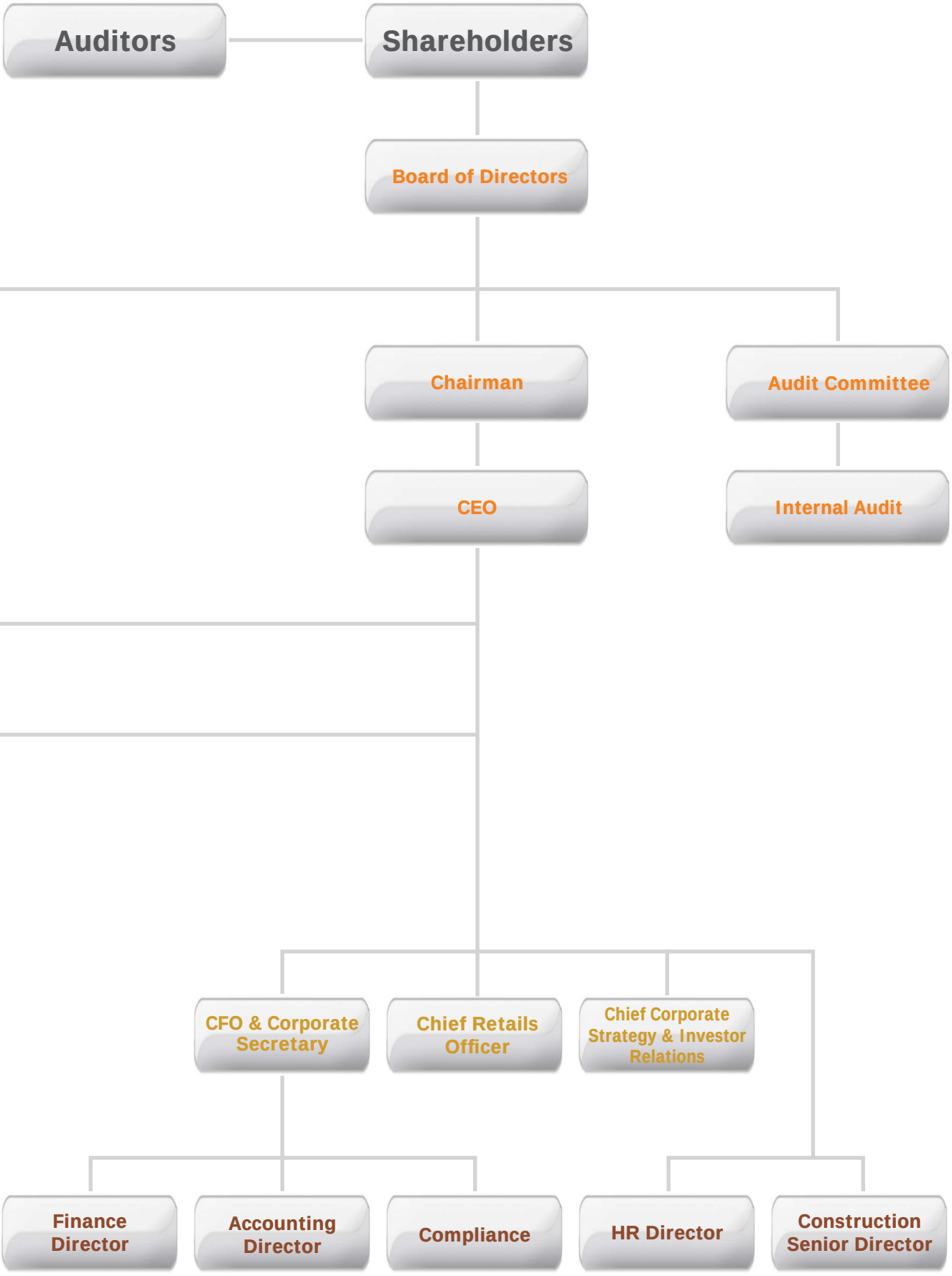
Experience

- 2003 - 2005, Manager - Strategic Planning, Advanced Info Service Plc.
- 2002 - 2003, Specialist - Corporate Planning, Advanced Info Service Plc.
- 1999 - 2002, Specialist - Investor Relations, Shin Corporation Plc.

ORGANIZATION

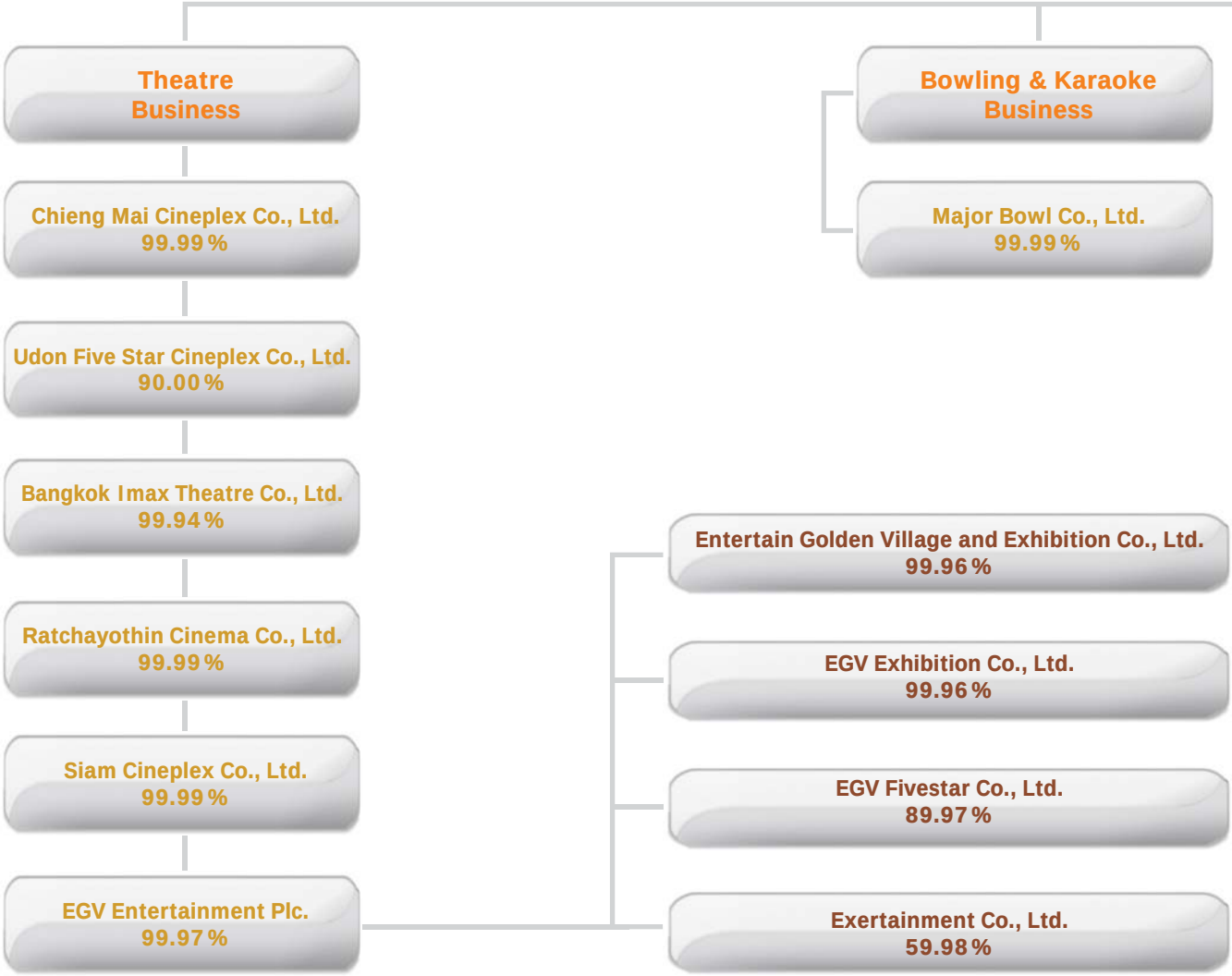
Organization Chart




Auditors
Shareholders
Board of Directors
Chairman
Audit Committee
CEO
Internal Audit
CFO & Corporate Secretary
Chief Retails Officer
Chief Corporate Strategy & Investor Relations
Finance Director
Accounting Director
Compliance
HR Director
Construction Senior Director

ORGANIZATION

Group Structure



MAJOR Cineplex Group Plc.
California Wow Xperience Plc.
36.75%
Thai Ticket Major Co., Ltd.
40.00%
Siam Future Development Plc.
21.25%
Major Cineplex Lifestyle Property Fund
33.00%
50.00%
Ratchayothin Avenue Co., Ltd.
50.00%
Ratchayothin Avenue Management Co., Ltd.
99.93%
Rental & Service Business
Advertising Business
Distribution Business
Major Cineplex Property Co., Ltd.
99.99%
Major Cinead Co., Ltd.
99.93%
M pictures Co., Ltd.
79.99%
Major Cineplex Service Co., Ltd.
99.99%
Pacific Marketing & Entertainment Group Ltd.
96.99%
Ratchayothin Realty Co., Ltd.
99.99%
Media Logistic Co., Ltd.
39.99%
Pacific Media Sales Co., Ltd.
79.98%
Ratchayothin Management Co., Ltd.
99.99%

ORGANIZATION

General Information of the Company

Subsidiaries and Associated Companies

Theatre Business
Major Cineplex Group Plc.

Registration no. 4085400677
Head office 1839 Phaholyothin Rd., Ladyao, Jatuchak, Bangkok 10900
Nature of business Cinema & Entertainment Complex operator, concession vendor
Registered capital 906,000,000
Paid up capital 879,932,619
% of investment 100.00%

Theatre Business
Chiang Mai Cineplex Co.,Ltd.

Registration no. (2)1502/2543
Head office 1839 Phaholyothin Rd., Ladyao, Jatuchak, Bangkok 10900
Nature of business Cinema operator, rental and services business, concession vendor
Registered capital 20,000,000
Paid up capital 20,000,000
% of investment 99.99%

Theatre Business
Udon Five Star Cineplex Co.,Ltd.

Registration no. 10554601114
Head office 1839 Phaholyothin Rd., Ladyao, Jatuchak, Bangkok 10900
Nature of business Cinema operator
Registered capital 39,000,000
Paid up capital 39,000,000
% of investment 90.00%

Theatre Business
Bangkok Imax Theatre Co.,Ltd.

Registration no. (2) 51/2544
Head office 1839 Phaholyothin Rd., Ladyao, Jatuchak, Bangkok 10900
Nature of business Cinema operator, concession vendor
Registered capital 1,000,000
Paid up capital 1,000,000
% of investment 99.93%

Theatre Business
Ratchayothin Cinema Co.,Ltd.

Registration no. (4) 589/2541
Head office 1839 Phaholyothin Rd., Ladyao, Jatuchak, Bangkok 10900
Nature of business Cinema operator, concession vendor
Registered capital 10,000,000
Paid up capital 10,000,000
% of investment 99.99%

Theatre Business
Siam Cineplex Co.,Ltd.

Registration no. 0108254 704840
Head office 1839 Phaholyothin Rd., Ladyao, Jatuchak, Bangkok 10900
Nature of business Cinema operator, concession vendor
Registered capital 150,000,000
Paid up capital 150,000,000
% of investment 99.99%

*** Unit in Thai bahts for registered capital & paid up capital**

Strategic Investment
California Wow Xperience PLC.

Registration no. 01075 74700895
Head office 287 Liberty Square Building, Silom, Bangrak, Bangkok
Nature of business Fitness club operator
Registered capital 216,000,000
Paid up capital 200,000,000
% of investment 36.75%

Theatre Business
EGV Entertainment Plc.

Registration no. 40854500695
Head office 989 Rama I Rd., Patumwan, Bangkok 10330
Nature of business Cinema & Entertainment Complex operator, concession vendor
Registered capital 440,000,000
Paid up capital 260,000,000
% of investment 99.97%

Rental and Services Business
Ratchayothin Management Co.,Ltd.

Registration no. (4) 306/2540
Head office 1839 Phaholyothin Rd., Ladyao, Jatuchak, Bangkok 10900
Nature of business Rental and services business
Registered capital 5,000,000
Paid up capital 5,000,000
% of investment 99.99%

Strategic Investment
Siam Future Development PLC.

Registration no. 40854500691
Head office 7/5 Ramkumhang Rd., Sapansoong, Bangkok
Nature of business Neighborhood shopping mall developer, rental and services business
Registered capital 533,947,769
Paid up capital 508,947,769
% of investment 21.20%

Bowling Business
Major Bowl Group Co.,Ltd.
(Ratchayothin Bowl Co.,Ltd.)

Registration no. (4) 590/2541
Head office 1839 Phaholyothin Rd., Ladyao, Jatuchak, Bangkok 10900
Nature of business Bowling alley operator, concession vendor
Registered capital 36,000,000
Paid up capital 36,000,000
% of investmen 99.99%

Advertising Business
Major Cinead Co.,Ltd.

Registration no. Kor Tor 05-0289-44
Head office 1839 Phaholyothin Rd., Ladyao, Jatuchak, Bangkok 10900
Nature of business Advertising agency
Registered capital 1,000,000
Paid up capital 1,000,000
% of investment 99.93%

Strategic Investment
Ratchayothin Avenue Management Co.,Ltd.

Registration no. 108454822762
Head office 1839 Phaholyothin Rd., Ladyao, Jatuchak, Bangkok 10900
Nature of business Neighborhood shopping mall developer
Registered capital 1,000,000
Paid up capital 1,000,000
% of investment 99.93%

Rental and Services Business
Major Cineplex Property Co.,Ltd.

Registration no. (2) 2930/2537
Head office 1221/39 Sukkhumvit Rd., North Klongton, Wattana, Bangkok
Nature of business Rental and services business
Registered capital 78,000,000
Paid up capital 78,000,000
% of investment 99.99%

Distribution Business
Pacific Marketing & Entertainment Group Inc.

Registration no. 10854500976
Head office 5th floor 598 Q.House Building, Ploenchit, Lumpini, Patumwan Bangkok
Nature of business Films Licensee for distributions
Registered capital 100,000,000
Paid up capital 100,000,000
% of investment 96.99%

Strategic Investment
Thai Ticket Major Co.,Ltd.

Registration no. 105543020073
Head office 3199 Maleenon Tower Flr 27, Rama 4 Rd, Klongtun, Bangkok
Nature of business Ticketing service for event organizers, bus, airline and hotel operators and Ticketing Software Specialists
Registered capital 10,000,000
Paid up capital 10,000,000
% of investment 40.00%

Rental and Services Business
Major Cineplex Service Co.,Ltd.

Registration no. (4) 307/2540
Head office 1221/39 Sukkhumvit Rd., North Klongton, Wattana, Bangkok
Nature of business Rental and services business
Registered capital 23,000,000
Paid up capital 23,000,000
% of investment 99.99%

Distribution Business
M Pictures Co.,Ltd.

Registration no. 105548154744
Head office 18 SCB Park Plaza, Ratchadapisek Rd., Jatuchak, Jatuchak Bangkok
Nature of business Films Licensee for distributions
Registered capital 100,000,000
Paid up capital 100,000,000
% of investment 79.99%

Strategic Investment
Ratchayothin Avenue Co.,Ltd.

Registration no. 105550006391
Head office 99 Ratchadapisek Rd, Dindaeng Bangkok
Nature of business Neighborhood shopping mall developer
Registered capital 100,000,000
Paid up capital 100,000,000
% of investment 50.00%

Rental and Services Business
Ratchayothin Realty Co.,Ltd.

Registration no. (1) 2123/2539
Head office 1839 Phaholyothin Rd., Ladyao, Jatuchak, Bangkok 10900
Nature of business Rental and services business
Registered capital 100,000,000
Paid up capital 100,000,000
% of investment 99.99%

Strategic Investment
Major Cineplex Lifestyle Property Fund

Registration no. 179/2550
Head office ING Funds, 130-132 Sindhorn Tower 1, G Flr, Sindhorn Tower 3, Flr 15, 17, 18 Vithayu Rd., Lumpini, Pathumwan Bangkok 10330
Nature of business Property Fund
Registered capital 2,300,000,000
Paid up capital 2,300,000,000
% of investment 33.00%

BUSINESSES

Business Overview

"lifestyle entertainment company"

Major Cineplex Group Plc. (MAJOR) is Thailand's leading Lifestyle Entertainment Company with core business in cinema, bowling, karaoke, ice skating rink, retails space, film distribution and advertising media.

To broaden its network of lifestyle entertainment portfolio as well as establish partnerships for sustainable future growth, MAJOR also invests:

- 21.2% in Siam Future Development Plc. (SF) – a lifestyle-neighborhood-mall developer,
- 36.7% in California WOW Xperience Plc. (CAWOW) – an "exertainment" fitness club operator,
- 40.0% in Thai Ticket Major Co., Ltd. (TTM) – a ticket sales channels for concerts, sports events, transportation, etc.,
- 33.0% in Major Cineplex Lifestyle Property Fund (MJLF) – a real-estate investment trust (REIT) set up as a vehicle for the Group's expansion, and
- 40.8% in Traffic Corner Holdings Plc. (TRAF) – a media & film distribution company (deal completed in February 2008).

MAJOR was listed on the Stock Exchange of Thailand (SET) in May 2002.

"cinema"

The "Cineplex" concept was first introduced to the Thais in 1995 when Mr. Vicha Poolvaraluck, the founder of MAJOR, built the first-of-its-kind Standalone "Cineplex" in Pinklao area of Bangkok. The Standalone "Cineplex" concept combines customer experiences of Cinema & Entertainment complex under the same roof. That is, moviegoers are offered; not only with wide range of films selection in the multiplex cinema format; but also a vast variety of restaurants, gift shops, bookstores and many other lifestyle shops in one stop. Thus, the Major Pinklao Standalone Cineplex has quickly become a very popular destination of lifestyle entertainment alternatives for Bangkok dwellers ever since. In the subsequent 3 years, three more Standalone Cineplexes had been added to the Cineplex network around Bangkok – Major Sukhumvit, Major Ratchayotin, & Major Rangsit.

The Standalone Cineplex is typically built on a long-term leasehold land (20-30 year). A Standalone Cineplex is about 7-10 story building. The top floors feature between 8-16 screens of cinemas and 20-38 lanes of bowling, while the bottom 2-3 floors are retails space for the lifestyle shops. With a strong "movie culture" which ensures continuous flow of moviegoers traffic every week, the retails space in the Standalone Cineplexes has been able to sustain a high occupancy rate in access of 90% and above at all time.

Besides the Standalone Cineplexes, MAJOR also deploy three other expansion models to populate Cineplexes around the country:

- Shopping mall model
- Lifestyle neighborhood mall model
- Hypermarket model

The shopping mall model was used more in the past when the shopping malls were sprouting up rapidly & practically everywhere. It was a handy growth vehicle as Cineplexes could ride on their historically high growth phase without too much capital outlay as for the Standalone Cineplex model. However, the rate of growth for shopping malls today has tapered down significantly. Nowadays, it takes 3-4 years for a shopping mall to be developed.

As an alternative vehicle for growth, the lifestyle neighborhood mall model was created in 2003 when MAJOR took a stake in a lifestyle-neighbor-mall developer, Siam Future Development Plc. (Siam Future). A lifestyle neighborhood mall is typically built on a smaller plot of land (1-2 acres) next to the residential areas. Because of its compact size, it takes only 6-12 months for a lifestyle neighborhood mall construction to complete, thus serving as an excellent vehicle to populate Cineplexes in the metropolitan areas as well as more urbanized areas around the country.

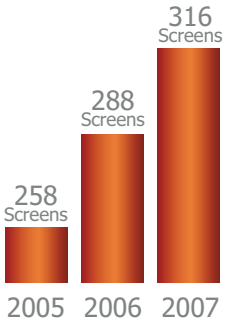
With the strong movie culture and having Cineplexes as anchor tenant, Siam Future has grown exponentially with retails space increased by over 10 folds to about 200,000 sqm. in the past 3 years. The synergy is extremely well pronounced. MAJOR could rapidly penetrate into the residential areas providing an enhanced convenience access to the moviegoers. Siam Future, on the other hand, could fill up its retails space easily having cinema & bowling in its lifestyle neighborhood malls.

The hypermarket model is used to populate the Cineplexes in the provincial areas. MAJOR builds cinemas & bowling in the hypermarket structures as an anchor tenant. For the provincial dwellers, hypermarket or discount store supercenter serves as a perfect destination, not only for shopping but also for family entertainment, in a very similar fashion as shopping malls are to the urban people. MAJOR joins with two hypermarket operators, Tesco Lotus & Big-C.

Currently MAJOR takes about 80% market share of the Thai cinema industry's admissions revenue, with the current second player trailing at about 20%. The sharp increase in market share in 2004 was due to the acquisition of EGV Entertainment Plc., the #2 player at that point with about 23% share. Subsequent to that M&A activity, there was no foreign cinema operator left in the Thai cinema industry.

BUSINESSES

"cinema"



At year-end 2007, MAJOR operates 4 different brands:
- Major Cineplex
- EGV Cinemas
- Paragon Cineplex
- Esplanade Cineplex

with a total of 39 branches, 316 screens and about 76,500 seats. MAJOR continues to add about 30-40 new screens a year as Thailand is still in the "underscreened" situation. MAJOR deploys the 4 expansion models discussed above as the growth vehicle depending upon the demography of each location.

MAJOR offers cinema services covering the full spectrum of the customer segments. The mass-segment cinema, "Major Cineplex" brand, is used for the geographical expansion & tapping the new markets. Various international designs are adopted for the customer experiences, unlike what the global cinema operators offer. For example, Las Vegas style interior design is adopted for the local mass-segment customers to experience.

On the high-end, plenty of service & product innovations are created and installed for the "Future of Entertainment Civilization" customer experiences in the "six-star" ambience at the "Paragon Cineplex." For example, the "Nokia Ultra Screen at the Paragon Cineplex is equipped with nothing but fully-reclined, genuine leather seats in cubicles along with pillows & blankets for the entire auditorium seatings.

Another product innovation at the Paragon Cineplex is the "ENIGMA: the Shadow Screen", a luxurious movie club exclusively for members only. Thirty-four exclusive seats, resembling living room couches adjacent to an exclusive club equipped with full bar services, are perfect for private parties. The venue has become very popular, not only among the high net-worth individuals, but also the corporate customers who prefer using the ENIGMA for entertaining their VIP customers in an exclusive atmosphere.

Major Cineplex	#screens	#seats
Pinklao	13	4,200
Sukhumvit	8	1,800
Ratchayothin	15	4,100
Rangsit	16	3,600
Central World Plaza	6	1,300
Ramhumheang	7	2,100
Chiangmai	7	1,900
Rama III	9	2,700
Bangna	10	2,100
Samrong	12	2,400
Bangkapi	10	2,200
Rama II	9	1,800
Seri Center	6	1,000
Nakhon Sawan	5	1,100
Nonthaburi	7	1,300
Udon Thani	7	2,000
Chachoengsao	5	1,700
Fashion Island	11	2,400
Ubon	5	900
Petchakasem	6	1,700
Hua Hin	4	1,400
Samui	3	900
Pitsanulok	4	1,100
Changwattana	5	1,000
Pattaya	8	1,800
Chonburi	4	1,100
Krabi	4	1,100
EGV Cinemas		
Central Pinklao	12	2,000
Seacon Square	14	3,000
Future Rangsit	10	1,900
Siam Discovery	7	1,700
Bangkae	10	1,900
Ladprao	7	1,500
Korat	6	2,100
Sriracha	4	1,400
Rajadamri	7	1,700
Aomyai	5	1,200
Paragon Cineplex		
Siam Paragon	16	4,600
Esplanade Cineplex		
Esplanade Ratchada	12	2,800
Total	316	76,500

Panithan Sethabutra
COO

In 2007, we learned and developed peak management programs to maximize revenue, including the service time and labors in order to accommodate more customers during the mega blockbusters. The revenue maximization theory was applied to both the Hollywood films period and the festive season.

For an improvement of concession, we developed many new products and issued more aggressive promotion campaigns during the year, resulting in over 20% growth in December. We've also developed new service platform by using front service staffs to help concession staffs. That can make the queue move faster and improve our customers' satisfaction.

We have been conducting many research studies, which help us understand each group of customers. Each group of customer has different expectations and need different services. Therefore, we create various types of promotions in order to utmost satisfy each group and thus help us service more customers.

"We have been conducting many research studies, which help us understand each group of customers"

In 2008, we intend to further drive new customer base by offering co-promotions in the business integration approach with many business partners. With our well communication tactic, we will manage our programs and services to match our weekday and weekend customers which have different behaviors.

The Future of Entertainment Civilization

NOKIA ULTRA SCREEN
5/F SIAM PARAGON
BANGKOK

Ticket reservation
+662 129 4635
+662 129 4636

PARAGON
CINEPLEX

BUSINESSES

"bowling karaoke & ice skating"

Bowling & Karaoke was added to the portfolio of lifestyle entertainment services in 1997. The first 20 lanes were put up in Major Sukhumvit Standalone Cineplex. Rather than being a typical sports bowling venue, "Major Bowl Hit" was launched with an "entertainment bowling" concept and positioning, where friends & families can come in & enjoy the game. Major Bowl Hit is decorated with a modern & trendy design with the latest releases of music being played, perfectly enticing to the younger & family segments of consumers.

"Major Karaoke" was a perfect compliment of the entertainment bowling as it provides, not only a better utilization of the space, but also another alternative form of lifestyle entertainment. Similar to bowling, karaoke rooms are modernly designed and decorated, perfect for the segment of consumers that bowling attract.

While "Major Bowl Hit" offers the entertainment bowling to the mass segment around the country, "Blu-O Rhythm & Bowl" was introduced in 2006 as a "club fashion bowling," targeting at the higher-end of the consumer segments in the metro areas. The first Blu-O Rhythm & Bowl was put up in the Siam Paragon (a mega shopping mall in the heart of Bangkok) offering 38 bowling lanes, 12 karaoke rooms, and two Platinum rooms equipped with 4 exclusive bowling lanes each & karaoke facilities.

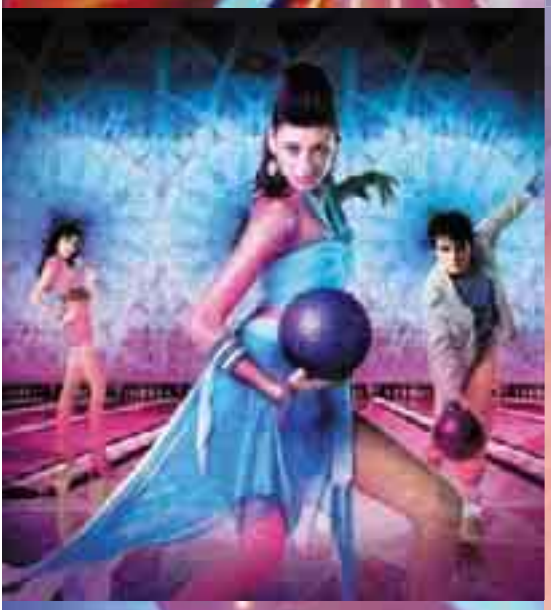
"'Major Bowl Hit' was launched with an 'entertainment bowling' concept and positioning, where friends & families can come in & enjoy the game."

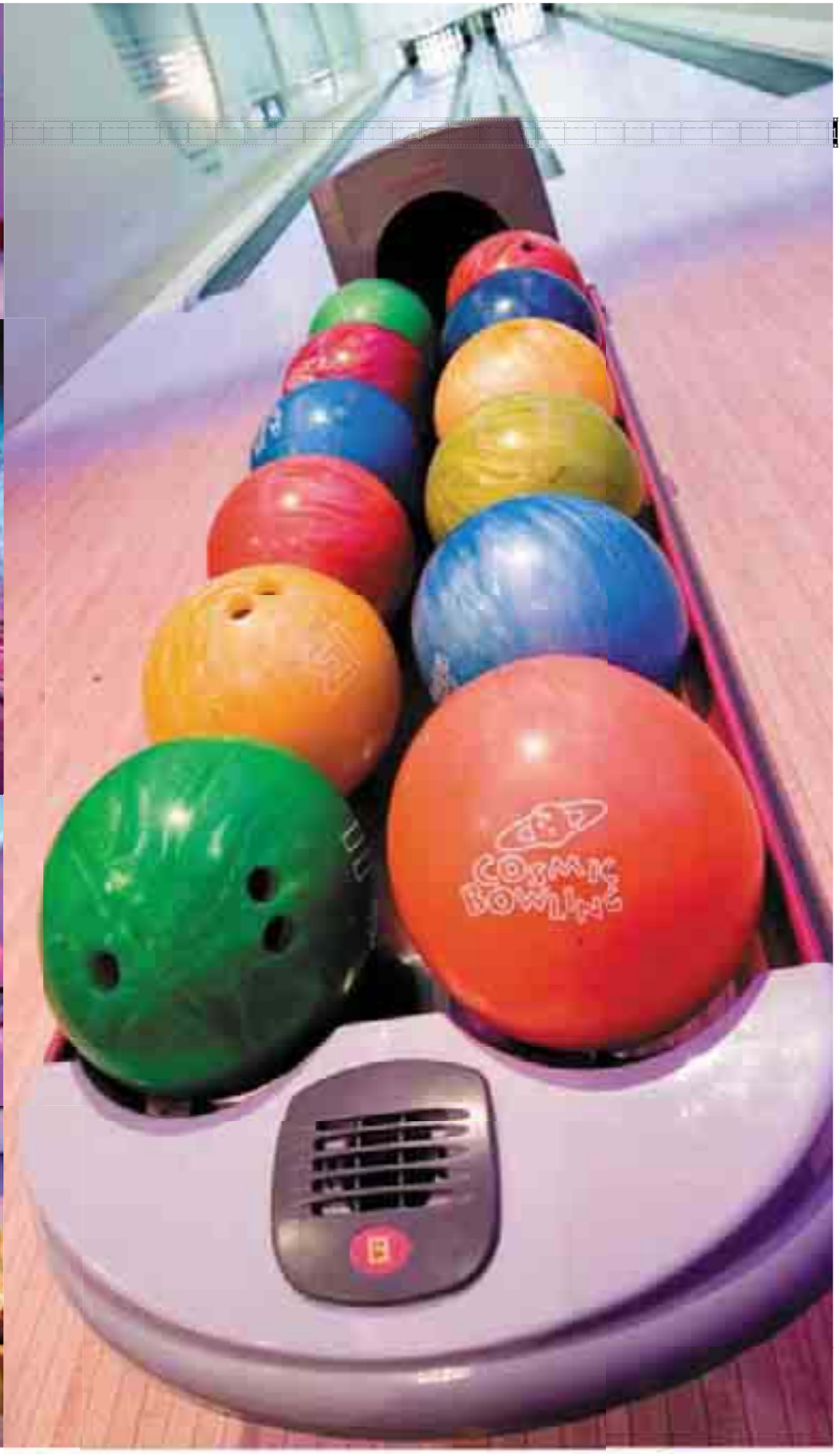
"'Blu-O Rhythm & Bowl' was introduced in 2006 as a 'club fashion bowling', targeting at the higher-end of the consumer segments in the metro areas."

The "sub-zero: the Ice Skate Club" is the latest lifestyle entertainment that had been added to the portfolio. It has quickly become one of the most popular meeting joints for the hip & cool customer segments in town. Locating in the Esplanade, Siam Future's newest Arte-tainment venue, sub-zero offers a compact ice skating rink of about 700 sqm. with 4 ice karaoke rooms, ice dance studio, & classes for ice-skating, figure-skating, & ice hockey.

At year-end 2007, MAJOR operates 30 bowling locations with about 512 lanes, 368 karaoke rooms, & one ice skating rink.

	#bowling lanes	#karaoke rooms
Pinklao	20	15
Sukhumvit	20	10
Ratchayothin	38	21
Rangsit	26	18
Central World Plaza	28	18
Rama III	26	10
Bangna	18	14
Samrong	20	14
Bangkapi	16	6
Rama II	30	13
Seri Center	12	9
Nakhon Sawan	12	9
Udon Thani	16	9
Chachoengsao	12	7
Fashion Island	16	13
Petchakasem	12	9
Hua Hin	8	10
Samui	8	7
Pitsanulok	8	6
Changwattana	14	9
Pattaya	22	9
Chonburi	10	8
Ladprao	10	10
Aomyai	12	12
Siam Paragon	38	16
Esplanade Ratchada	22	21
Piyarom	30	9
Thonglor (J-avenue)	8	11
Central Pinklao	-	21
Future Rangsit	-	12
Siam Discovery	-	12
Total	512	368





bluO

RHYTHM & BOWL

Siam Paragon - Esplanade Ratchada - Pattaya

BUSINESSES

"advertising services"

Advertising services business leverage off the traffic that cinema & other lifestyle entertainments attract. MAJOR had been able to draw over 25 million customers into the Cineplexes around the country annually. A subsidiary called CineAd Co.,Ltd. has been established to entice the advertisers and media agencies with full-range of advertising services, ranging from simple cinema screen advertising to fully-integrated below-the-line media solutions incorporating all media available in the Cineplex network around the country.

With additional revenues being generated on the existing assets, advertising services revenues enjoy a hefty margin in access of 90%. Today, CineAd packages integrate below-the-line media solutions for many dominant players in many industries. The solutions include not only the screen advertising but also new media like VDO walls, tri-vision, plasma screens, poll signs, bowling masking units, and outdoor media (Billboard/ Cut-out), etc.

> "As one of the most effective, direct-to-target media alternatives, the cinemedia is among the highest growth in the entire media industry."

As one of the most effective, direct-to-target media alternatives, the cinemedia is among the highest growth in the entire media industry. For 2007, the cinemedia registered a growth rate of 28%, compared to the entire media industry growth rate of only 2.5%.

Unique Marketing Tool

Last year, it was quite challenging to drive the advertising services business due to the political and economic situations. Our customers reduced advertising budgets as they did not believe that the result of their marketing campaigns would be highly efficient. Nevertheless, our revenue growth was higher, compared to that of the industry. It was because we could provide "Unique Marketing Tools" to serve each of our customers. We customized media depending on customers' budgets ensuring that the campaign can reach their target groups well.

We have started doing research on our customer behaviors since the beginning of year 2007 which has provided us with many insights about our customers' expectations and problems. With these findings, we can continue to improve our products and services to meet their expectations. We also focus on "New Media" ideas by organizing working sessions with media agencies so we can understand their expectations as well as giving an opportunity for them to understand more of our products and services. This is expected to assist the media agencies in representing or communicating our products & services to their customer correctly and easily.

"rental & services"

In the Standalone Cineplex, MAJOR operates retail space rental and services business to compliment the lifestyle entertainment model by offering the customers with more variety of entertainment service beyond movie, bowling, karaoke, and ice skating.

MAJOR selects trendy brands that offer distinctive products and services that match customers' lifestyle. Retails spaces are packaged in 2 types – long-term lease contracts which are more than 3 years and short-term rental contracts which are less than 3 years.

As the Cineplex has become "destination" for lifestyle entertainment, MAJOR has been able to attract many leading international chains as well as the newly emerging local brands. With the intense competition among the quick-serve restaurant chains, every brand is in need of new space to populate their new branches and expand their network every year. This has resulted in high occupancy rate at every location.
At YE07, MAJOR has a total of 98 shops, occupying 91% of the 29,490 sq.m available for rent or lease. Services accompanied space rental are the electricity, air-conditioned services, fire protection system, cleaning and security system as well as common area management services such as elevator, escalator and parking.

	Retails space sq.m.	%Occupancy
Sukhumvit	4,200	86
Ratchayothin	1,900	100
Rangsit	1,600	99
Central World Plaza	1,100	100
Ramhumheang	450	73
Chiangmai	120	100
Samrong	2,050	33
Bangkapi	480	81
Rama II	500	100
Nakhon Sawan	190	100
Udon Thani	350	100
Samui	440	100
Pitsanulok	190	100
Future Rangsit	440	100
Rajadamri	15,000	71
Aomyai	380	100
Siam Paragon	100	100
Total	29,490	91

BUSINESSES

"film distribution"

MAJOR has made two strategic investments in the film distribution business, both in the upstream theatrical distribution as well as in the downstream DVD/VCD distribution for home entertainment.

On the theatrical side, MAJOR originally acquired 80% stake in a company called "M Pictures" to manage the 52-week films programming and smoothen out the revenue seasonality imposed by the Hollywood's numerous summer releases in 2Q and holiday seasons releases in 4Q. Distributing films from independent studios as well as other Asian films from Japan & Korea, M Pictures could lessen the impacts of quarterly revenue shortfalls by releasing these films in 1Q & 3Q. With MAJOR's dominant market position in the exhibition window, M Pictures is riding on a solid platform to maximize its revenue as well.

In late 2007, a merger between M Pictures and Traffic Corner Holdings Plc. (TRAF) was announced. TRAF was a media company that was in need of contents, while M Pictures with its films distribution rights was a company that could use media to promote its films to the wider audience. The deal was completed in February with a share swap arrangement: MAJOR swapped its 80% stake in M Pictures with new shares of TRAF. Post the transaction, MAJOR owns 40.8% stake of TRAF, while TRAF owns 100% of M Pictures. M Pictures, as a result, is now a fully-equipped theatrical distributor that can leverage from media portfolio of TRAF.

On the home entertainment distribution side, MAJOR now own 97% stake in a company called "PMEG" to manage the timing of the DVD/VCD releases as well as the DVD/VCD pricing in bid to optimize revenue generating ability in each window and protect the core cinema business. With the appropriate timing of the DVD/VCD releases (typically 4-6 months subsequent to theatrical releases) and with proper pricing, a film can maximize its revenues in the cinema window as well as in the home entertainment distribution window itself.

As a group, TRAF, M Pictures, and PMEG have transformed into a never-before provider of "Comprehensive Film Distribution Services" with stronger potentials to derive higher revenues in the most part of the film distribution chain. The service that they provide is a strong fundamental development that should help drive higher growth, especially for the Thai film making industry. The Thai film producers can now focus on improving film quality, knowing that a new breed of distribution services has emerged.

"strategic investments"

Siam Future Development Plc. (Siam Future)
MAJOR invests 21.2% in Siam Future, a lifestyle-neighborhood-mall developer. The lifestyle malls that Siam Future develops are low-rise, open-air building next to the residential areas. The rationale for the investment in 2004 was to help each other grow. With the "movie culture," MAJOR is an anchor tenant that generate traffic to the lifestyle malls. With its rapid pace of expansion, Siam Future provides MAJOR with an excellent vehicle for growth, especially in the metropolitan areas where MAJOR wants to improve cinema-access convenience to its customers.

Siam Future is listed on the Stock Exchange of Thailand with the symbol SF.

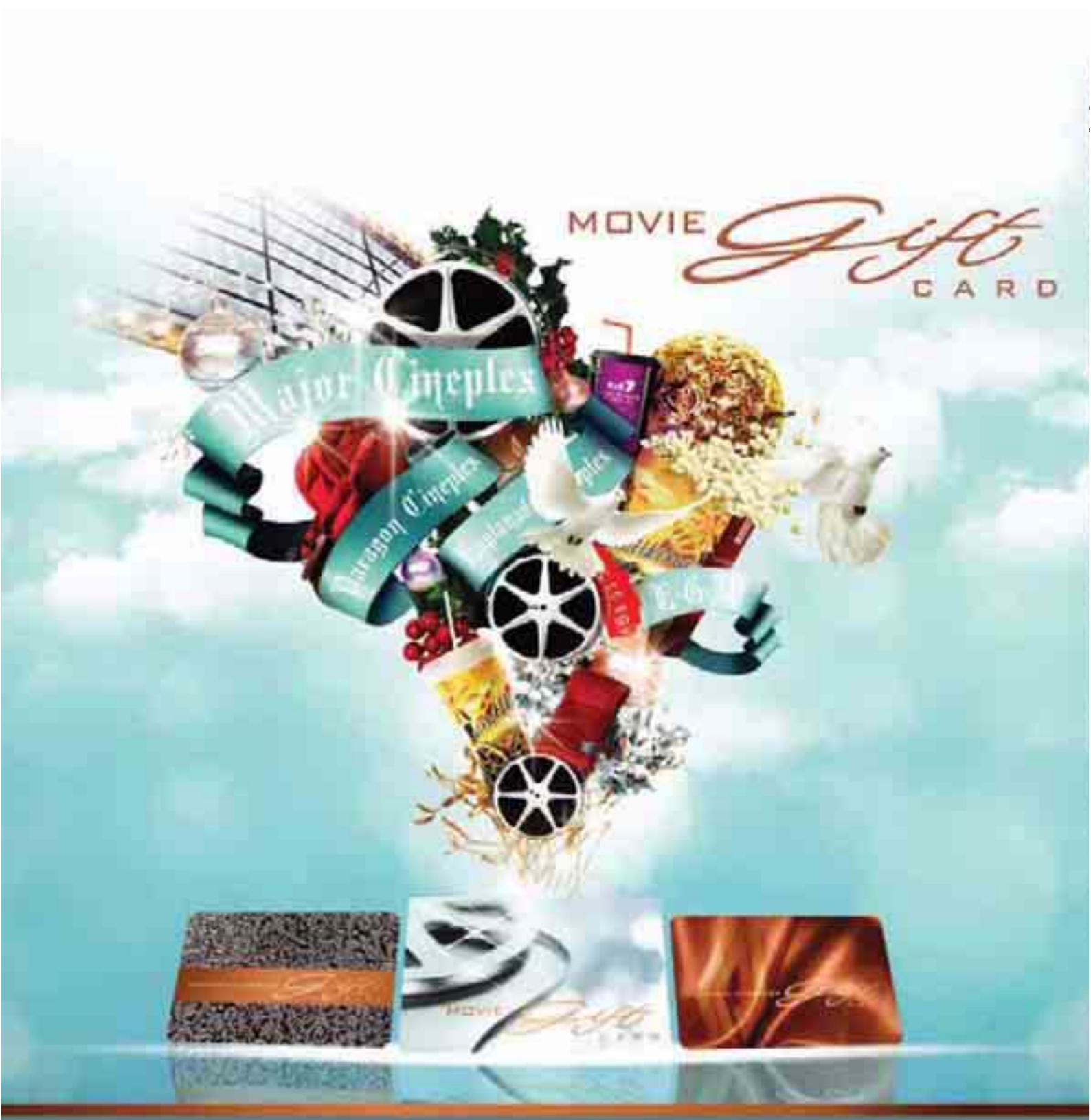
California WOW Xperience Plc. (CAWOW)
MAJOR invests 36.7% in CAWOW, an "exertainment" fitness club operator. CAWOW's philosophy of running the fitness clubs is very similar to the way Major Bowl Hit is operated in that the clubs are geared toward entertainment fitness. The clubs are also modernly designed & decorated as a community for the trendy new generation that has a high level of health consciousness. CAWOW represents itself with images of celebrities, rather than muscular men, selling hope to be fashionable & attractive. Having CAWOW in the Group provides MAJOR with another form of modern lifestyle entertainment and presents Siam Future with another strong anchor tenant.

CAWOW is listed on the Stock Exchange of Thailand with the symbol CAWOW.

Thai Ticket Major Co.,Ltd. (TTM)
In June 2007, MAJOR took 40.0% stake in Thai Ticket Master Dot Com Co.,Ltd., whose name has subsequently been changed to Thai Ticket Major Co.,Ltd. (TTM). The rationale was to expand MAJOR's business into ticketing sales channel as well as enhancing value from the existing assets. Cinema ticket box offices are turned into also ticketing services counters for concerts, sports events, transportation. Not only better utilization of the resources at the box offices, TTM also generates additional traffic into the Cineplexes which could also be enticed to consume other entertainment services.

Major Cineplex Lifestyle Property Fund (MJLF)
A major milestone that took place also in June 2007 was the completion of the REIT, Major Cineplex Lifestyle Property Fund (MJLF) managed by ING Funds. Two of the Standalone Cineplexes (Major Ratchayothin & Major Rangsit) were initially injected into the MJLF, raising Bt2.3 billion in cash. With the proceed, MAJOR reinvests 33% back into the fund, while the remaining amount is being reinvested into a brand-new Standalone Cineplex on Ratanathibate Road in Nonthaburi and a new lifestyle mall, Major Avenue @ Ratchayothin, a 50:50 joint venture between MAJOR & Siam Future.

This development marks an important step for the Group as MJLF becoming a vital vehicle for sustainable future growth. MAJOR can now expand with the original Standalone Cineplex model without fresh capital calls. The Standalone Cineplexes with much larger number of cinema screens & bowling lanes are expected to drive higher rate of growth for the income statements than the balance sheets, enabling MAJOR to adopt the "asset-light" strategy with hope to generate higher rate of returns going forward. MJLF is listed on the Stock Exchange of Thailand with the symbol MJLF.



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ESPLANADE CINEPLEX

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E·G·V CINEMAS

MAJOR CINEPLEX

Risk Factor

BUSINESSES

Risk Factors

Risk from films release

Cinema exhibitors rely on steady flow of film releases as main source of revenue. Approximately, 45% - 50% of MAJOR's total revenues comes from revenue sharing of the movie admissions tickets sales, which depend on the number of films release and the films popularity. At present, cinema is the first and most important distribution window that films producers and distributors rely on in order to boost further sales in the downstream home entertainment market, such as VCD and DVD. Accordingly, trade among exhibitors, producers, and distributors are highly interdependent, all aim to maximize revenues to alleviate the risk of relying on the popularity of a single film.

MAJOR currently underscores its leadership position in the market with a firm market share of about 80%. Bargaining power with film producers and distributors has been enhanced over the years. MAJOR's vertical integration into film distribution businesses also alleviates the risk in films reliance as MAJOR's own distribution companies, TRAF and M Pictures, can release their own films during the "off-peak" seasons where there are less selection of Hollywood films.

MAJOR also deploying prepaid card, such as "m-cash" and "gift card", to provide ticketing convenience for customers via Internet ticketing and/or Automatic Ticketing Machines rather than having to queue-up in long lines at the conventional box office. It is also a "forward CRM" tool as the prepaid cards keep moviegoers coming back to redeem at our Cineplexes regardless of the film selection. MAJOR recognizes and rewards its prepaid moviegoers with extra services, such as seat upgrades, blanket service, etc. Thus, occupancy rate can be managed more efficiently regardless of the film selection.

Risk from competition

With respect to competition among the Thai cinema operators, MAJOR is the leader in the industry, both in number of screens and abilities to innovate new services and cinema experiences. MAJOR, with better access to capital, has also continuously expanded new branches using the four expansion models to populate Cineplexes around the country. Depending upon the demography, Standalone model, Shopping mall model, Lifestyle neighborhood mall model and Hypermarket model are deployed to tap new markets and expand customer base. Renovations are done regularly at the existing branches to keep up with customers'changing lifestyles. Although MAJOR might be regarded as the distant leader, it has never been complacent, but consistently monitors expansion and development of the competitors. In addition, MAJOR also emphasizes on building and maintaining its customer base by consistently deploying marketing campaigns and leveraging on the Group's variety of lifestyle entertainments services. Consequently, MAJOR seems to be better equipped with many competitive edges, especially when compared with other players.

A possible competitor of the cinema business is VCDs and DVDs, both legal and illegal. However, it is not perceived as direct threats to our revenues and growth of the cinema business. According to the research studies,

MAJOR's customers are not only interested in movie entertainment, but also desire to consume other lifestyles entertainments services offered by the Group. As for the illegal distribution of VCDs and DVDs, the Thai government and law enforcement authority have increasingly taken a more serious battle against the illegal media with strong punishment. It is believed that the illegal distribution will be at least contained, if not completely eliminated.

Risk from new expansion

Any new expansion faces uncertainty on its return on investment. However, MAJOR has on average a payback period under 5 years and an internal rate of return of 15-20%. Every new investment must go through a market research and an intense feasibility study to ensure that there are sufficient streams of cash flows that uphold the 5-year payback policy. If not, then business model is adjusted, i.e. increase/reduce screens to reach critical mass or reduce rental charges, add bowling or retails space to help with the cash flow, etc. These are the standard practice that is performed for any new location. Investments only take place for the ones with high potentials for return. MAJOR's expansion partners, Siam Future, the hypermarkets and the shopping mall operators, also provide us with a good check-and-balance in demographical study.

Risk from management reliance

MAJOR has been established and successfully managed by Mr. Vicha Poolvaraluck. MAJOR is arguably relied on his profound experiences and reputation which may implies that risk from his shareholding stake divestment in MAJOR and/or resignation seems to be inevitable. However, Mr. Vicha Poolvaraluck is not only the founder of MAJOR, but also possessing strong passions to driving MAJOR to higher prosperity for over a decade. In addition, MAJOR is still in its adolescent stage of development with a bright future and strong growth prospects ahead. Logically there is no reason for him to abruptly abandon this investment.

Risk from fire accident

Every building and structure has a risk from fire accident. MAJOR has entered into various insurance policies including a fire case pursuant to the nature and general conditions of theatre business which terms and amounts covers all losses and damages that might be arisen.

Risk from terrorism

The insurgencies and/or acts of terrorism, such as bomb threats, usually have an immediate psychological, but short-lived, impact on MAJOR's operation. MAJOR has always recognized the importance of the security system and procedures and closely followed any threat through various news and intelligence source. Strict precautious measures have been taken to prevent possible disturbances at all branches. Some of the recent precautions to safeguard customers' lives and assets of all parties are the installation of metal detectors and wider & more thorough CCTV network at all MAJOR branches.

GOVERNANCE

Corporate Governance

Along with the corporate governance policy, which has been reclassified into five categories this year instead of 15 guidelines, and the best practice for directors of listed companies issued by the Stock Exchange of Thailand ("SET") and the Securities and Exchange Commission ("SEC"), MAJOR's Board of Directors ("the Board") recognizes the significance of the policy and complies with those five categories. Details are as follow;

1 Rights of Shareholders

MAJOR formulates the corporate governance policy to ensure that the Company operates its business with ethics, transparency and accountability; the main drivers leading the Company to have sustainable growth.

MAJOR intends to comply with the corporate governance policy set by the government and the official agencies supervising the Company and to comply with other corporate governance standard considered to be applicable to the Company.

Regarding to an importance of right of shareholders, MAJOR treats all shareholders equally by posting the agenda of the Shareholder's Meeting with supported information on the Company's website (www.majorcineplex.com). Moreover, MAJOR allows all shareholders to send us their queries with regard to those agenda before the scheduled meeting.

An invitation letter and supported document for the Annual General Shareholders' Meeting are sent out to shareholders at least fourteen days in advance. MAJOR encourages all shareholders to participate the meeting and exercise their rights in inquiring the Board and submitting suggestions, generating the great benefit to the Management and the Company. The Minutes of Meeting is recorded and filed with integrity, for further inspecting.

In the Shareholders' Meetings, all directors, including Audit Committee, are required to attend every meeting with the exception of the one who are otherwise engaged. The Chairman of the meeting grants equal opportunities and times to all shareholders to exercise their rights regarding to the verification of operation, submission of inquiries, comments and recommendations, all of which are reported in the Minutes of Meetings. In 2007, MAJOR arranged the Annual General Shareholders' Meeting in April.

2 Equal Treatment to Shareholders

MAJOR treats all shareholders; Managements, Non-Managements, foreign shareholders and minority shareholders, equally. Furthermore, MAJOR sets the policy of inside information control that does not allow managements, staffs and related persons to use inside information for their own benefits or to distribute the information to outsiders. However, MAJOR has not seen the usage of inside information of any management, staffs or related person for their own benefits.

MAJOR prevents and manages conflicts of interests through equitable information disclosure, maintenance of confidential information, refusal to operate any task or any suitable measure to each circumstance. Along with the policy to prevent using inside information of the Managements for their own benefits, MAJOR defines the policy and approval process on conflicts of interest transactions and connected transactions. Regarding to Section 59 of the Securities and Exchange Act B.E. 2535, all Directors and Managements are required to submit the report of changes in securities holding to the SEC, which are regularly reported in the Board of Directors'Meetings. Transactions generating interests to Directors and Managements are also reported to the Board of Directors' Meetings.

MAJOR defines the policy allowing shareholders to raise agenda for the Shareholders' Meeting; however, it would be done under suitable condition, timing and related regulation. For shareholders who are unable to attend the Meetings, they are able to submit the proxy, attached in the invitation package, to delegate others; such as the Audit Committee, to attend the Meetings and exercise their rights to vote on agenda in the Meeting. On the Agenda of Director Nomination, MAJOR proposes shareholders to consider Directors individually. Voting cards are provided in every meeting.

3 Role of Stakeholders

All stakeholders; both internal stakeholders (staffs and managements) and external stakeholders customers, creditors, suppliers, competitors, related partner, conflicted partner and society, are significant in different practices to the Company. MAJOR recognizes the appropriate rights and basic benefits, which stakeholders are entitled to receive such as the rights to conveniently access accurate and complete information. Furthermore, MAJOR establishes the policy to prevent default and illegal transactions of managements and related persons to the Company with facilitating to the one who informs those transactions to the Company. Along with the supporting from our stakeholders, it leads MAJOR to have strong competition capability and high earning to the Company, contributing successful story in the long term period.

Social Responsibilities are another important duty of the Company. MAJOR always submits substantial support to help people, who do not have good opportunity or who encounter with the natural disaster or serious troubles, through the Company itself or coordination with both government agencies and private agencies.

More details on charitable activities and public services are under "Social Activities".

4 Disclosure and Transparency

MAJOR has established Investor Relations Department as an information center which can be contacted at phone number +662-511-5427-36 extension 893 or via email address ir@majorcineplex.com, to treat and provide equitably information to all investors; retail investors, institutional investors, securities analysts and local and foreign fund managers. MAJOR organizes many activities; such as reporting quarterly Management Discussion and Analysis along with Financial Statement, announcing quarterly and annual operating result for both local and foreign investors and analysts and company visits, to inform the progression and the performance of the company and to give all of them the opportunities to inquire any question or recommendation to the company. Furthermore, MAJOR submits continually required information to the SET and also posts that information on the Company's Website at **www.majorcineplex.com**. In 2007, more than 350 investors / analysts visited our company.

MAJOR's Board of Directors is responsible for preparation of Financial Statements and financial information disclosed in the Company's annual report, complied with the suitable certified account standards in Thailand and disclosure sufficient information in the Notes of Financial Statements. This responsibility is done under prudent caution and best practices.

The Board has appointed the Audit Committee to be responsible for monitoring the quality of the Company's Financial Statements and Internal Control System. Regarding to these matters, the comments of the Audit Committee are reported in the Report of Audit Committee disclosed in the Annual Report.

Due to the importance of equitable treatment to all shareholders and related persons, Financial Statements, financial information and operating results of the Company are disclosed with completeness, integrity, transparency and appropriate timing in the Annual Reports and the Company's Website.

Appropriate remuneration level for the Board has been set up with the resolution from the Shareholders. At the Shareholders' Meeting No.6 held on April 2, 2007, Shareholders have approved the remuneration and special bonus for the Board and Sub-Committee and empowered the Nomination and Remuneration Committee to consider the level of remuneration and bonus for each director. This resolution is effective until decided otherwise by the Shareholders' Meeting.

GOVERNANCE

Remuneration of the Board of Directors

In 2007, the company pays an additional Baht 3,800,000 of special remuneration to director's base on 2006 performance.

The total remuneration of the eleven directors for the year 2007, amount Baht 5,247,000.

Name	Position	Remuneration Baht	Meeting Allowance Baht
1. Mr. Somchainuk Engtrakul	Chairman	640,000	80,000
2. Mr. Vicha Poolvaraluck	Director	380,000	80,000
3. Mr. Verawat Ongvasith	Director	380,000	80,000
4. Mrs. Paradee Poolvaraluck	Director	380,000	80,000
5. Mr. Thanakorn Puliwekin	Director	380,000	80,000
6. Mr. Panithan Sethabutra	Director	317,000	80,000
7. Dr. Vachara Phannachet*	Director/Independent Director	330,000	60,000
7. Mr. Athasith Damrongrat*	Director/Independent Director	-	-
8. Mr. Wichai Poolvaraluck	Director/Independent Director	380,000	80,000
9. Mr. Chai Jroongtanapibarn	Independent Director Chairperson of Audit Committee	420,000	80,000
10. Mr. Wallop Tangtrongchitr	Independent Director/Audit Committee Member	400,000	80,000
11. Mr. Naruenart Ratanakanok	Independent Director/Audit Committee Member	380,000	80,000

**Dr. Vachara Phannachet has resigned from the post of the Company's Director effective from November 13, 2007. In accordance with the Board of Directors'resolution no.7/2007, Mr. Athasith Damrongrat has been appointed as the new Director effective from November 15, 2007.*

Other Remuneration

The Company established an Employee Stock Option Plan (ESOP) program as a way to retain, motivate and reward the Company's directors and employees to the Company's best benefit. The Company has submitted an annual allocation of warrants to the annual shareholders'meeting for approval. So far, three programs have been allotted and are summarized as follows:

Employee stock option (ESOP-W1) was distributed among directors and management as followed:

Name	Title	Number of options Million	Percentage %
Mr. Vicha Poolvaraluck	Director/Executive Chairman & CEO	4.50	23.08
Mr. Verawat Ongvasith	Director/Executive Director	0.75	3.85
Mrs. Paradee Poolvaraluck	Director/Executive Director	0.50	2.56
Mr. Thanakorn Puliwekin	Director/Executive Director/ Chief Films Programming	2.10	10.77
Mr. Chai Jroongthanapibarn	Independent Director	0.95	4.36
Mr. Wallop Tangtrongjitr	Independent Director	0.50	2.56
Mr. Hester Chew	Independent Director	0.50	2.56
Mr. Anavach Ongvasith	Chief Cinema Marketing	1.50	7.69
Mr. Chattaphum Kantiviriya	Chief Finance Officer	1.15	5.90

Employee stock option (ESOP-W2) was distributed among directors and management as followed:

Name	Title	Number of options Million	Percentage %
Dr. Vachara Phannachet	Director	0.5	14.29
Mr. Brian Hall	Chief Cinema Business Paragon Cineplex Director	3.0	85.71

Employee stock option (ESOP-W3) was distributed among directors and management as followed:

Name	Title	Number of options Million	Percentage %
Mr. Anavach Ongvasith	Chief Cinema Business	0.64	4.92
Mr. Chattaphum Khantiviriya	Chief Financial Officer	0.64	4.92
Mrs. Yupin Garnjanawigai	SEVP Special Project	0.64	4.92
Mr. Kittikorn Poomsawang	Director Project Management	0.60	4.62
Mrs. Jinda Wantanahatai	Chief Retails Business	0.60	4.62
Mr. Artorn Techatantiwong	Chief Bowling Business	0.30	2.31
Mr. Jiradej Nusthit	Chief Corporate Strategy & Investor Relation	0.30	2.31
Mrs. Aorrawan Kowathana	Chief Service Operations Officer	0.30	2.31
Ms. Buppa Wandee	Director Human Resource Department	0.25	1.92

Remuneration of MAJOR's Management

Remuneration	2007 Persons	2007 Remuneration Baht
Salary, Bonus and Provident Fund	11	27,118,587.23
TOTAL	11*	27,118,587.23

** Remuneration for MAJOR's management was excluded Mr.Vicha Poolvaraluck remuneration, which was paid to Well Ad Co., Ltd.*

5

Responsibilities of the Board of Directors

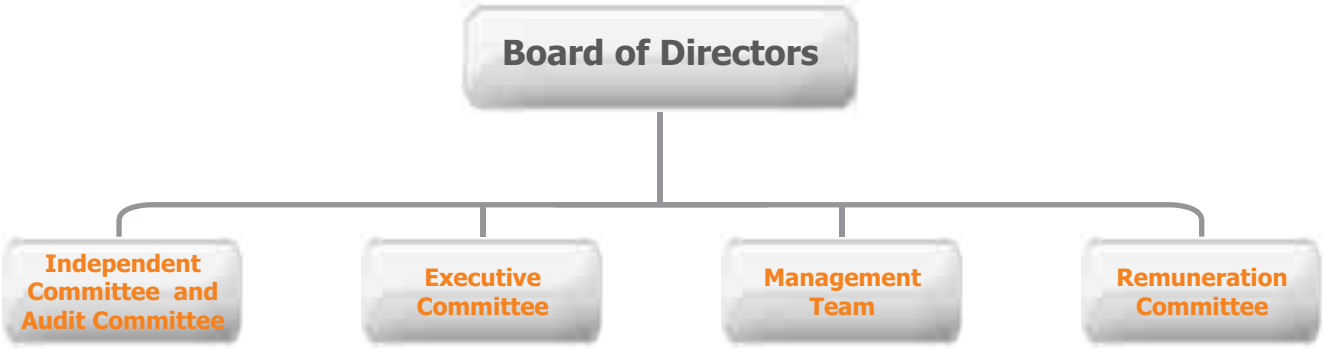
5.1) Board of Directors

As at December 31, 2007, the Board of Directors consisted of eleven directors, five of them are the Company's Management; Executive Chairman & CEO, COO, Chief Films Programming and Executive directors, and the rest of them are non-management and independent directors, which is one-third of the total number of directors complying with the rule of the SET. This ensures that the Board is able to work independently, reflecting in efficient decision makings.

The Company nominates directors from various businesses with strong leadership skill vision, work experience, business ethics and the ability to show their independent comments. (The Directors and Management Teams section contains biography of each Directors of the Company's.) For the appropriate balance of power in the operation, the Chairman and the Executive Chairman & CEO are held by different individuals. The Chairman is the policy leader and the Executive Chairman & CEO is the administrative leader.

MAJOR has four sets of Directors; the Board of Directors, Audit Committee which are independent directors, Executive Committee, Remuneration Committee and one set of Management Team.
The authorities, duties, appointments, and removal of directors appear in the Company regulations as registered with the Public Company Limited Registrar, Department of Business Development (Formerly known as the Commercial Registrar Department), the Ministry of Commerce. Details are as follows;

GOVERNANCE



Board of Directors

As at December 31, 2007, MAJOR's Board of Directors consisted of eleven directors.

Name	Position	% of Shareholding
1. Mr. Somchainuk Engtrakul	Chairman	0.00
2. Mr. Vicha Poolvaraluck	Director	37.23
3. Mr. Verawat Ongvasith	Director	0.90
4. Mrs. Paradee Poolvaraluck	Director	3.12
5. Mr. Thanakorn Puliwekin	Director	0.11
6. Mr. Panithan Sethabutra	Director	0.00
7. Mr. Athasith Damrongrat	Director, Independent Director	0.00
8. Mr. Wichai Poolvaraluck	Director, Independent Director	0.47
9. Mr. Chai Jroongtanapibarn	Independent Director, Chairperson of Audit Committee	0.00
10. Mr. Wallop Tangtrongchitr	Independent Director, Audit Committee Member	0.0049
11. Mr. Naruenart Ratanakanok	Independent Director, Audit Committee Member	0.00

Authorities of the Board of Directors

1. The Board may assign one or more directors to act on its behalf.

2. The Board may authorize a director to sign together with the Company Seal on behalf of the Company.

3. The Board may appoint or empower any person to conduct MAJOR's business under its supervision with suitable issues and timings. Its appointment or empowerment may be withdrawn by the Board itself.

4. Directors, who might have interests on any matter, must have no right to vote on such matters.

5. The Board might approve the interim dividend payment if the Company has sufficient profit to do so. This payment should be reported to the next Shareholders'Meeting.

6. Regarding to the Public Company Limited Act B.E 2535 indicated that some transactions, e.g., the consideration and approval of the Company's Financial Statements, the consideration of profit and capital reserve allocation, the election for directors' replacement due to term expiration, the determination of remuneration, the appointment of external Auditors with their compensation, the sales and transfers of MAJOR's partial or overall business, the purchase or transfer the ownership from other companies, the preparation, amendment or revocation of MAJOR's leasing contracts and the empowerment to any person to conduct the business on behalf of MAJOR or the merger with other persons to share profits and losses, the Board must have the resolution from the shareholders' meeting on such matters.

Duties of the Board of Directors

1. The Board must conduct the business in compliance with laws, the Company's Objectives, Articles of Association, and resolutions of the Shareholders' Meetings with integrity and prudence for MAJOR's best interests.

2. The Board must inform the Company immediately their direct or indirect interests regarding to the company's contracts occurred during the fiscal year. Furthermore, they must inform their changes on their holding common shares or bond in the Company itself or the Affiliate Companies during the fiscal year.

3. The Board must arrange the Meeting at least every three months with more than a half of total directors attending the meetings. The resolutions of the meetings are based on the majority votes.

4. The Board must organize the Annual General Shareholders' Meeting within four months after the ending of the Company's fiscal year.

5. All directors are restricted from conducting, investing, and being partner in the companies having the same business as MAJOR.

Nomination, Appointment and Removal of the Board of Directors

1. Each Director and Audit Committee shall be appointed by the majority votes in the Shareholders'Meeting in which one share equals to one right to vote. Highest votes person shall be appointed with the following highest votes until meeting the required number of directors. The Company shall have at least five directors. In case, voted directors are higher than required directors, the final decision shall be made by the Chairman of the Meeting.

2. The Board shall appoint one of them to act as the Chairman and one or more as appropriate to act as Vice Chairpersons.

3. In every Shareholders' Meeting, at least or the closest number of one-third of total directors shall be resigned from the Board. The resigned directors shall be re-appointed by the Shareholders' Meeting.

4. The Shareholders' Meeting shall vote any director out before the expiration term with the votes of third-fourths of eligible attending shareholders with at least a half of total number of eligible shares.

5. In case of a vacancy of director, who has the remaining term more than two months, with the reason other than the expiration term, the Board shall appoint any qualified person to replace the vacant position with the votes of more than third-fourths of the existing directors in the next Board of Directors' Meeting. The term of the replacement director shall be equal to the remaining term of the resigned directors.

5.2) Sub-Committee

5.2.1) Independent Directors and Audit Committee

Audit Committee all are Independent Directors, has passed the "Audit Committee Program" arranged by Institute of Directors. Three members of Audit Committee are;

Name	Position
1. Mr. Chai Jroongtanapibarn	Chairperson of Audit Committee
2. Mr. Wallop Tangtrongchitr	Audit Committee
3. Mr. Naruenart Ratanakanok	Audit Committee

Duties of Audit Committee

1. Ensure accurate and adequate financial reports.

2. Ensure appropriate and efficient internal control and internal audit system.

3. Review the Company's operation to comply with the Securities and Exchange Act, the Stock Exchange of Thailand's regulation or other related laws.

4. Consider, assort, appoint external auditors and consider the compensation for them.

5. Consider the disclosure of the Company's information regarding to the connected transactions or conflicts of interest transaction to ensure the completeness and accuracy.

6. Prepare the corporate governance report, signed by the chairperson of the Audit Committee, and disclose in the Company's Annual Report.

7. Perform other duties as assigned by the Board of Directors.

GOVERNANCE

5.2.2) Executive Committee

Executive Committee of MAJOR consisted of four members;

Name	Position
1. Mr. Vicha Poolvaraluck	Chairperson of Executive Committee
2. Mr. Verawat Ongvasith	Executive Committee
3. Mrs. Paradee Poolvaraluck	Executive Committee
4. Mr. Thanakorn Puliwekin	Executive Committee

Duties of Executive Committee

1. Operate and manage the Company's business in accordance with laws, objectives and regulations of the Company as assigned by the Board of directors.

2. Operate and manage the Company's business in accordance with policy and strategy set by the Board of directors.

3. Follow shareholders'resolutions with honesty, ethics and care for the Company's benefits.

4. Approve borrowings or lending from/to financial institutions including guarantee or make payment in ordinary business of the Company such as capital expenditures with in 60 million baht per each transaction.

5. Appoint or cancel staff of the Company whose title are lower than chief executive officer.

6. Prepare, propose and set business policy and strategy to the Board of directors.

7. Organize the Company's structure and management including interviewing, employing, training and unemploying staff.

8. Set business plan, authority and budget as well as manage business according to policy and strategy proposed to the Board of directors.

All related or conflict of interest transactions with executive directors in accordance with rules and regulations of Securities and Exchange Commission must not be voted by those executive directors who are related or have conflict of interests.

5.2.3) Nomination and Remuneration Committee

Nomination and Remuneration Committee of MAJOR consisted of five members;

Name	Position
1. Mr. Vicha Poolvaraluck	Chairman of nomination and remuneration Committee
2. Mr. Chai Jroongtanapibarn	Nomination and Remuneration Committee
3. Mr. Wallop Tangtrongchitr	Nomination and Remuneration Committee
4. Mr. Verawat Ongvasith	Nomination and Remuneration Committee
5. Mr. Naruenart Ratanakanok	Nomination and Remuneraton Committee

Duties of Nomination and Remuneration Committee

Nomination and Remuneration Committee is responsible for seeking eligible persons and proposing to the Board of Directors' Meetings and/or the Shareholders' Meetings to have the resolution to appoint those persons as the directors of the Company. Another responsibility is to consider and propose an appropriate remuneration for each directors of the Board and management of the Company to the Board of Directors Meeting and the Shareholders'Meetings. The remuneration can be in a money form and other benefits by taking into account all necessity and other benefits which the Company will get from managing, returns and valuable staff maintaining.

The director of the Company must be selected and nominated by the Company' s Nomination and Remuneration Committee. The candidate must follow qualification guideline according to the Public Company Act, as well as the regulation of the Stock Exchange of Thailand and the Securities and Exchange Commission. The director must also have strong business ability and work experience to show their independent comments in order to help develop the Company businesses.

In addition to the Board of Directors, Audit Committee, and the Nomination and Remuneration Committee, the Company has appointed committees/working groups to handle and monitor its various operations to be in line with the Company's policy.

5.3) Roles and Responsibilities of Board of Directors

The Board has the main responsibility to set up the policies and directions to the Company on approval the vision, mission and strategic goals of the Company. With those policies and directions, the Board should ensure that the Managements follow those set up policies, goals and budgeting with value added to the Company and take very good care of the most benefits to the Company and Shareholders.

The Board has consistently monitored the risk management and internal control of the Company. Sub-Committee has been appointed with authorities and responsibilities separately from those of the Board and the Management.
(See more details in 5.2: Sub-Committee)

The Board are responsible for monitoring the management to follow the policy effectively and notify all important matters to business of the Company, related transactions to the Board of directors in accordance with rules and regulations of Securities and Exchange Commission.

Having the best practices for a Code of Conduct and a Code of Business Conduct is a significant basic for creation of good corporate governance. The best practices on the Code of Conduct and the Code of Business Conduct are the integration of ethical behaviors with an aim to preserve and promote the Company's honor and good reputation. MAJOR also lays down rules and regulations for staff to perform their activities in compliance with integrity and a Code of Business Conduct.

MAJOR recognizes an importance of good internal control at both Management and Operation levels. Environment or factors are set up for motivation all staffs to recognize this importance. This helps the Company reach the targeted good internal control system. Internal Control Department, which reports directly to the Audit Committee, has been set up to be responsible for this matter. This department is the main driver to promote, review and to ensure that the system is appropriate and effective. The efficiency of the internal control system is reviewed and adjusted on a continual basis to reduce operational risks. At the same time, the recommendations or opinions from external auditor are considered in order to develop the system with more effectiveness. The Company is confident that its internal control system is adequate enough to prevent its properties from any possible damages.

5.4) Board of Directors' Meeting

The Board organizes the Board of Directors'Meeting with a consistent basis; however, the extra meetings may be held; if needed. Many agenda are included in the meeting such as the reviewing of the quarterly financial statements, the monitoring the progress of any project and the consideration of the Company's policy and the operating results. The invitation letter is sent out by the Executive Chairman & CEO's Office at least seven days in advance providing all directors enough time to consider the agenda with attached document of the Meeting. The Meetings of Sub-Committee are also held in the consistent basis. The minutes of meetings are recorded in writing. The Minutes of Meeting is recorded in writing and reviewed by the Board before certification the Minutes in the next Meeting. The Certified Minutes of Meetings are filed and available for reviewing or auditing by the Board and related officials at any time. In 2007, the Board organized 7 meetings with details as follows;

Name	Position	Board of Directors' Meeting (Total 7 Meetings)	Audit Committee's Meeting (Total 7 Meetings)
1. Mr. Somchainuk Engtrakul	Chairman	7	-
2. Mr. Vicha Poolvaraluck	Director	7	-
3. Mr. Verawat Ongvasith	Director	7	-
4. Mrs. Paradee Poolvaraluck	Director	7	-
5. Mr. Thanakorn Puliwekin	Director	7	-
6. Mr. Panithan Sethabutra	Director	7	-
7. Dr. Vachara Phannachet	Director	6	-
8. Mr. Wichai Poolvaraluck	Director	7	-
9. Mr. Chai Jroongtanapibarn	Independent Director Chairperson of Audit Committee	7	7
10. Mr. Wallop Tangtrongchitr	Independent Director Audit Committee Member	7	7
11. Mr. Naruenart Ratanakanok	Independent Director Audit Committee Member	7	7

5.5) Board of Directors - Self Assessment

Even though, all directors are highly qualified persons with knowledge, ability and best understanding in the business, they still continuously monitor its operation such as strategic policy and business plan, risk management and internal control, conflicts of interests, and financial reports and operating result to ensure that the operation has no default.

5.6) Board of Directors - Remuneration

With the appropriate policy of the remuneration for the Board of Directors, and Sub-Committee, the Nomination and Remuneration Committee is responsible for proposing that appropriate level and asking for the resolution from the Shareholders' Meeting. In the Shareholders' Meeting No.6 on April 2, 2007, the Shareholders have passed the resolution to approve the remuneration and the bonus for each director, which has been effective until the Shareholders' Meeting passes the resolution otherwise.

5.7) Board of Directors and Managements Training

The board of directors consists of persons with various qualifications, who all have skills, experience and expertise that are useful to the Company. To generate more efficiency to the Company, the board of directors normally encourage and facilitate trainings for all internal parties related to Corporate Governance, such as the Good Corporate Governance program and the Audit Committee Program.

Having high qualified Management, the Executive Chairman & CEO shall authorize one of them to operate the business while he is not available to operate its business such as attending international business trip. However, this delegation shall be limited with the appropriate level to the current situation of the Company.

5.8) Management Team

At the end of 2007, Management Team of MAJOR consisted of eleven members;

Name	Position
1. Mr. Vicha Poolvaraluck	Executive Chairman & CEO
2. Mr. Panithan Sethabutra	Chief Operation Officer
3. Mr. Thanakorn Puliwekin	Chief Films Programming
4. Mr. Chattaphum Khantiviriya	Chief Financial Officer
5. Mrs. Yupin Garnjanawikai	Senior Executive Vice President
6. Mr. Brian Hall	Chief International Business
7. Mr. Anavach Ongvasith	Chief Cinema Marketing Major & EGV
8. Mr. Artorn Techatantiwong	Chief Bowling Business
9. Mrs. Jinda Wantanahatai	Chief Retails Business
10. Mrs. Aorrawan Kowathana	Chief Cinema Operations
11. Mr. Jiradej Nusthit	Chief Corporate Strategy & Investor Relations

**Mr. Artorn Techatantiwong has resigned from a post of Chief Bowling Business effective from March 1, 2008.*

On March 1, 2008 the Company has restructured its organization; thus management team is as follows:

Name	Position
1. Mr. Vicha Poolvaraluck	Chief Executive Officer
2. Mrs. Yupin Garnjanawikai	Assistant to CEO
3. Mr. Panithan Sethabutra	Chief Operation Officer
4. Mr. Chattaphum Khantiviriya	Chief Financial Officer
5. Mr. Anavach Ongvasith	Chief Cinema Officer
6. Mr. Thanakorn Puliwekin	Chief Film Officer
7. Mrs. Jinda Wantanahatai	Chief Retails Officer
8. Mr. Richard H. von Waldegg	Chief Bowling Officer
9. Mr. Jiradej Nusthit	Chief Corporate Strategy & Investor Relations Officer

Duties of Chief Executive Officer and Management Team

Perform as assigned by the Board of directors or the Executive Committee which are in accordance with rules and regulations of the Company. However, Chief Executive Officer's authority must not be able to approve any transactions which related or have conflicts of interest with Chief Executive Officer.

Management Team duties are to set operating goals in accordance with objectives, policy and plan from the Executive Directors. Also, plan, operate and solve problems that may arise from operating.

Internal Control

Audit Committee supervised and monitored the operations of Internal Audit Department on a consistency basis. In 2007, the Committee held a total of 7 meetings, occasionally with the Management, the Auditors, the Internal Auditors, and Independent, Non-Executive Directors. At each meeting, the Committee reported its views and recommendations independently, as an evaluation of sufficiency for the internal control system can be concluded as follows:

Organization and Environment: The Committee views that MAJOR has prudently set its operational targets with organization structure appropriate for business under takings. Moreover, it has also set up rules on actions against the company's interests and penalty procedures for those who violate the rules.

Risk Management: MAJOR has considered its problems and risks and sought guidelines, remedial measures to control and reduce risks. Meanwhile, the Internal Audit Unit Department has been established to carry out the auditing process and submit the audit results to the Audit Committee on a quarterly basis.

Administration Control for Executives: MAJOR has apparently formulated the scope of authority for each level of the executives and determined strict measures in considering actions, activities related to major shareholders, directors, executives or any persons concerned with these persons on ground of maximum benefit of the company. The approval for such activities must obtain discretion from the Audit Committee and/or the Board of Directors as the case may be.

Information System and Communication: MAJOR provides adequate information for decision making of the Board of Directors and put in place filing system with complete, categorized and reliable documents. MAJOR also applies the accounting policy in accordance with the accounting principles generally accepted and appropriate with its nature of business.

Monitoring System: MAJOR has made a comparison between the business targets and the actual performance on a consistency basis and then informed the Board of Directors. Moreover, MAJOR also implements the internal audit process of which the results will be reported directly to the Audit Committee.

Monitoring of Inside Information Usage

MAJOR places an importance on dissemination of transparent information to all parties including institutional investors, analysts, minor investors and local and foreign investors, who are subject to receiving information on an equality and fair basis. The Company's policy to provide information to outsiders includes the designation of a person who is assigned to file specific information for investors for acknowledgement with accuracy and hitting to the point. The Company also supervises the use of inside information in terms that the material information which significantly has an impact towards the operational performance shall not be revealed to the public. Such information will be disclosed only to the limited and concerned groups of persons.

Besides determining directors, executives and employees to sign in the agreements for keeping a secret issue and/or the inside corporate information, MAJOR has also set a means to control them not to use the Company's inside information for their own benefits by defining penalty for those who violate the regulations.

GOVERNANCE

Human Resources

1

Personnel

As of December 31, 2007, MAJOR recorded the number of 3,751 employees, to be well-prepared for the continual growth on Cinema & Concession Business, Bowling & Karaoke Business, Advertising Business and Rental Business.

Business Unit	Number of Employees
Head Office	286
Cinema & Concession	2,093
Bowling & Karaoke	1,054
Advertising	49
Rental Space & Services	269
Total	3,751

Staff remunerations, consisting of salary, overtime payment, bonus and provident fund, totaled to Baht 419,562,583.82 million in 2007.

2

Human Resource Management Policy

2.1 Recruitment and Motivation

MAJOR places a focus on internal recruitment and then gives additional trainings since promotion from within will not only get staff acquainted with the company's operations and help create morale in working, but also attract them to stay longer with the company, who provides them with the comparable compensation with other companies in the same industry. In addition, MAJOR has provided nice working environment that would increase staffs enthusiasm.

2.2 Human Resource Development

MAJOR arranges for the staff both on-the-job training and functional training. For on-the-job training, senior staffs give advices and recommendations all through the whole process to junior staffs. With respect to functional trainings, various in-house training courses will be arranged by both internal and external lecturers or sending staff to attend outside seminar programs such as those organized consistently by The Management and Psychology Institute (MPI). MAJOR arranges other Soft Skills such as Leadership skill, Selling & negotiation technique, Marketing skill, Team work development etc.

In addition, MAJOR has co-operated with Stock Exchange of Thailand (SET), which is a long-term program with an objective to promote and serve students who need to utilize their free time by working to get experiences. In this connection, MAJOR offers the students a chance to practice in some position considered to be appropriate with their maturity, skill, and spare time of each student.

Employee Stock Option Program

ESOP-W1

Employee Stock Option Program #1 (ESOP-W1)

Type	indicate holder and non-transferable
Term	5 years from the issuing date
Amount	19,500,000 units
Offering method	allot to 39 directors and employees without offering price (-0- baht a unit)
Exercise ratio	1 warrant for 1.108 common shares*
Exercise price	11.878 baht per share*
Exercise period	last working day of March and September till expiry on which the last date is June 15, 2008.

ESOP-W2

Employee Stock Option Program #2 (ESOP-W2)

Type	indicate holder and non-transferable
Term	4 years from the issuing date
Amount	3,500,000 units
Offering method	allot to 2 directors and employees without offering price (-0- baht a unit)
Exercise ratio	1 warrant for 1.037 common share*
Exercise price	14.732 baht per share*
Exercise period	last working day of March and September till expiry on which the last date is June 31, 2008.

ESOP-W3

Employee Stock Option Program #3 (ESOP-W3)

Type	indicate holder and non-transferable
Term	5 years from the issuing date
Amount	13,000,000 units
Offering method	allot to 82 directors and employees without offering price (-0- baht a unit)
Exercise ratio	1 warrant for 1 common share
Exercise price	16.77 baht per share*
Exercise period	last working day of February, May, August and November till expiry on which the last date is November 15, 2012.

GOVERNANCE

MAJOR-W1

Warrant offerings to existing shareholders #1 (MAJOR-W1)

Type	indicate holder and transferable
Term	3 years from the issuing date
Amount	146,927,500 units
Offering method	allot to existing shareholders at 4 existing shares for 1 unit of warrant without offering price (-0- baht a unit)
Exercise ratio	1 warrant for 1.0327 common shares*
Exercise price	12.589 baht per share*
Exercise period	last working day of March, June, September and November till expiry on which the last date is March 31, 2007.

***Note:** Exercise ratio and exercise price have been adjusted according to an adjustment condition that dividend payment is over 50% of net profit after tax

Exercise Result

ESOP-W1

Exercise Result ESOP-W1

	Exercise Date	Number of ordinary share	Increased of authorized share capital Bt	Use of proceed
1.	30/09/03	710,000	10,053,600	Working capital
2.	31/03/04	No exercise	-	-
3.	30/09/04	1,836,100	22,620,752	Working capital
4.	31/03/05	No exercise	-	-
5.	30/09/05	No exercise	-	-
6.	31/03/06	8,940,400	108,357,648	Working capital
7.	02/10/06	5,669,243	68,711,227	Working capital
8.	30/03/07	1,325,000	16,059,056	Working capital
9.	01/10/07	333,000	3,923,303	Working capital

ESOP-W2

Exercise Result ESOP-W2

	Exercise Date	Number of ordinary share	Increased of authorized share capital Bt	Use of proceed
1.	30/09/04	No exercise	-	-
2.	31/03/05	No exercise	-	-
3.	30/09/05	No exercise	-	-
4.	31/03/06	No exercise	-	-
5.	02/10/06	No exercise	-	-
6.	30/03/07	No exercise	-	-
7.	01/10/07	3,111,000	45,831,252	Working capital

ESOP-W3

Exercise Result ESOP-W3

	Exercise Date	Number of ordinary share	Increased of authorized share capital Bt	Use of proceed
1.	30/11/07	No exercise	-	-

MAJOR-W1

Exercise Result MAJOR-W1

	Exercise Date	Number of ordinary share	Increased of authorized share capital Bt	Use of proceed
1.	31/03/05	No exercise	-	-
2.	30/06/05	No exercise	-	-
3.	30/09/05	No exercise	-	-
4.	30/12/05	1,270	16,250.92	Branch expansion / Working capital
5.	31/03/06	29,843,472	375,699,469.00	Branch expansion / Working capital
6.	30/06/06	22,048,387	277,567,144.75	Branch expansion / Working capital
7.	22/10/06	11,359,700	143,007,263.30	Branch expansion / Working capital
8.	03/01/07	10,806,338	136,013,989.68	Branch expansion / Working capital
9.	02/02/07	77,147,876	971,214,610.96	Branch expansion / Working capital **This is the final exercise period**

Note: From the final exercise period of MAJOR-W1 on February 2, 2007, the outstanding amount of expired warrant are 507,659 units.

GOVERNANCE

Related Transactions

The Company has related transactions disclosed in a consolidated financial statement for a period of January 1 to December 31, 2007 which included related transactions between the Company and/or subsidiaries and/or associated companies. All related transactions are normal business transactions and are disclosed in notes to financial statements ended December 31, 2007 which is audited by auditor.

Related transactions in 2007

The Company and/or subsidiaries and/or associated companies are comprised of 7 companies which are Siam Future Development Plc., Udorn FiveStar Cineplex Co.,Ltd., Major Cineplex Lifestyle Fund, Media Logistic Co.,Ltd., Well Ad Co.,Ltd., Well Cineplex Co.,Ltd., and Petch Pinklao Co.,Ltd.

Person/Juristic person who may have conflict of interests	Type of transactions	Major details/conditions	Amount thousand baht
Siam Future Development Plc.	Expense 1. Rent and Service fee 2. Utilities fee	To rent rental space to operate cinema and bowling businesses in Chachoengsao, Thonglor, Piyarom and Esplanade branches	 17,290 15,644
Udorn FiveStar Cineplex Co.,Ltd	Revenue 1. Management fee 2. Other revenue	Management fee charged for Udornthani branch which is a normal business transaction	 2,700 390
	Asset and Liabilities 1. Other account receivables		 1,611
Major Cineplex Lifestyle Fund	Revenue 1. Gain on disposal of asset	Gain on sales of equipment, facilities, buildings and long-term leasehold rights on land	 1,087,798
	2. Dividend 3. Management fee 4. Utilities fee	Property managent fee	16,774 11,565 12,328
	Expense Rental and Service	To rent rental space to operate cinema and bowling businesses	 57,298
Media Logistic Co.,Ltd	Asset and Liabilities Loan	Pacific Marketing and Entertainment Group Co.,Ltd. hold 50% in Media Logistic Co.,Ltd. and financially support by lending with an interest rate of 0.50% p.a.	 66,500

Person/ Juristic person who may have conflict of interests	Relationship	Type of transactions	Major details/conditions	Amount thousand baht
Well Ad Co.,Ltd	Holding by Mr.Vicha and Mrs. Paradee Poolvaraluck	Management fee which some part is recorded as capital expenses	1.95 million bath a month for 5 years started from January 1, 2007 to December 31, 2011	23,400
Well Cineplex Co.,Ltd	Holding by Mr.Vicha Poolvaraluck's father	1. Management fee	400,000 baht a month	4,800
		2. Cost of equipment rental (Capital expense)	1,800,000 baht a month	21,600
Petchpinklao Co.,Ltd	Holding by Mr.Vicha Poolvaraluck's mother	Prepaid leasehold rights, rental and service fee	15 installments at 4.50 million baht each started in January 2004	61,863

Major Shareholders

Top ten major shareholders as of December 31, 2007

Shareholder	Number of shares Million	Percentage %
1. Mr. Vicha Poolvaraluck	327.59	37.2
2. HSBC (SINGAPORE) NOMINEES PTE LTD.	105.07	11.9
3. SOMERS (U.K.) LIMITED	53.00	6.0
4. GOLDMAN SACHS INTERNATIONAL	31.63	3.6
5. Mrs. Paradee Poolvaraluck	27.47	3.1
6. GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION	23.09	2.6
7. LITTLEDOWN NOMINEES LIMITED 9	22.94	2.6
8. STATE STREET BANK AND TRUST COMPANY FOR AUSTRALIA	21.71	2.5
9. MORGAN STANLEY & CO. INTERNATIONAL Plc.	18.79	2.1
10. Thai NVDR LIMITED	16.48	1.9

GOVERNANCE

Social Activities

January:

On the National Children Day, Major Cineplex Group allowed children to watch movie for free along with organizing Kid's Movie Day Activities. Kids could enjoy free movies in all branches of Major Cineplex, EGV, Paragon Cineplex, and Esplanade Cineplex. Some of the movies shown are Happy Feet, The Ant Bully, Monster House, Charlotte's web, Doraemon, Masked Rider, Car, Pirate of the Caribbean I & II, Karn-Kluay, Naruto.

Major Cineplex Group in collaboration with Bangkok Metropolitan Administration (BMA) organized special movie round for "King Naresuan I" at Major Cineplex Pinklao. The revenue from this event was humbly presented to His Majesty the King on the occasion of his 80th Birthday.

March:

Her Royal Highness Princess Somsawalee has joined in the Charity Movie Event "King Nareasuan II" at Nokia Ultra-Screen Paragon Cineplex, which organized by Paragon Cineplex and the Heart Foundation of Thailand Office under Royal Patronage. The revenue from this charity event was donated to the Heart Foundation of Thailand Office for helping those poor patients.

Major Cineplex Group in collaboration with Royal Thai Navy organized Field Trip under Thai Unity Project by bringing Navy students and the youths from Naratiwat and Bangkok Provinceof more than 150 persons to visit Paragon Cineplex of Major Cineplex Group and watch "King Nareasuan II". The movie aimed to ignite the value of nationalism and cooperation of our Thai ancestors.

July:

Major Cineplex Group organized Movie Charity "Rakna 24 hours" at Siampawalai, 6th Floor Paragon Cineplex. The event received great kindness from 'Tan Panya Nandha' formerly an abbot of Wat Cholpratan Rangsalit, Pakred, who came to expounding the doctrine of Buddha to the Company's employees and attendees. In addition, Mr. Vicha Poolvaraluck, the Chairman & CEO of the Major Cineplex Group, also donated one million baht to Tan Panya Nandha for the construction of "Uposatha Klang Nam" for Mahachulalongkornrajavidya-laya University at Wong Noi District, Ayutthaya Province. The objective of building "Uposatha Klang Nam" is for monks to gather and practice in a group.

August:

Major Cineplex Group organized Major Cineplex's Natural Classroom for Children Project by bringing 30 children from Children Innovation Foundation and reporters to a field trip. The trip was emphasized on learning and protecting our natural resources and environment. It included the visit of the following places: The Chakkri Naruebet Aircraft Carrier, The Golden Corals, Turtle Conservation Center, Marines Museum, Tuey Ngam Beach etc. under the management of Sattahip Naval Base of the Royal Marines Headquarters at Cholburi province.

September:

Major Cineplex Group led both executives and its nearly 200 staffs to plant 10,000 trees in the area of 80 rai at Sam Roi Yord Sub District, Prachuapnkirikan Province. This activity was one of the Major Cineplex Planting Trees Project in joining the celebration of the King's 80th Birthday, which was to restore National forest condition.

October:

Major Cineplex Group in collaboration with EF Education First organized English On Screen Project, which is the first English Teaching Camp in the movie theatre. The objective of the project was to use movie as the channel in learning English. There were more than one thousands secondary students and teachers participating in the event.

EGV Kid Cinema, the first kid movie theatre in Thailand in collaboration with Vitalmilk Champ organized summer activities by allowing more than sixty kids from Rajvithi Girl Home to enjoy the "DORAEMON KIDS FUN." The activities include training kids on painting Doraemon, the Japanese Animated Character for scholarship competition, training kids as young anthropologists to dig the Fossil of Nobita, making 'Dolayaki'-Doraemon's favorite snack. Free movie of "Doraemon and Dinosaur of Nobita" were shown at EGV Kid Cinema by Vitalmilk Champ Theater on the 3rd floor of Future Park Rangsit.

November:

Permanent Secretary of Defense, President of the Wives Association at Ministry of Defense, and Chief Programming of Major Cineplex Group Plc. joined together in the opening of "Tamroy Sadet Phra Phomee–Sadudee Ong Raja" project at Hollywood Hall Major Cineplex Ratchayothin, which organized by the Office of Permanent Secretary of Defense, Permanent Secretary of Defense, Office Wives Association, and Major Cineplex Group Plc. This event was organized to celebrate the King's 80th Birthday and to promote the philosophy of the Sufficiency Economy to those students who live in the vicinity area.

December:

Major Cineplex Group in collaboration with the Entertainment Reporter Association organized "2nd Friendly Blowing among Entertainment Community: *Not to Sale Vote*" at Blue-O Rhythm and Bowls Esplanade Cineplex. This event was to emphasize on the value of friendship among all entertainment professions including actors, actresses, and reporters. In addition, it promoted for public to go to vote on the National Election Day and to vote for candidates whom will further advance Thailand's development.

FINANCIALS

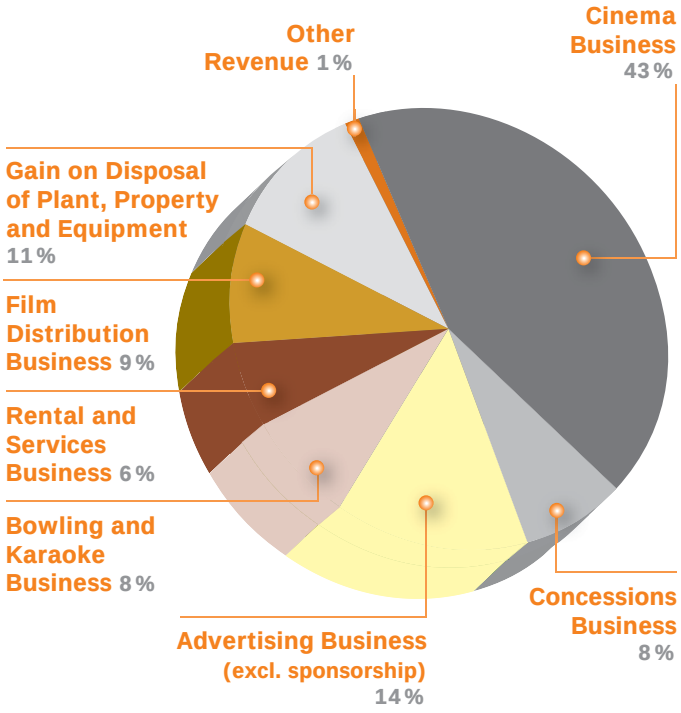
Management discussion & analysis

The Company has 5 core businesses, which are cinema, bowling karaoke and ice skating rink, rental and services, advertising media and film distribution. Following the expansion of 4 branches in 2007, the Company has expanded its capacity to 316 screens serving 76,500 seats, 512 bowling lanes, 364 karaoke rooms, 1 ice skating rink under the management of brand Blu-o Rhythm and Bowl and 25,993.56 sq.m. rental spaces. Film distribution business is another related and synergistic to the core cinema business. To be a total lifestyle entertainment company, the Company has also invested in Siam Future Development PCL. - a neighborhood shopping mall developer, California WOW Xperience PCL. - an "exertainment" fitness club and Thai Ticket Major Co., Ltd. an "Online Realtime" ticketing services for performances and exhibitions.

The Company has transferred the asset of Ratchayothin and Rangsit branch to Major Cineplex Lifestyle Fund on June 27, 2007.

2007 Performance

In 2007, the Company had total revenue of 6,594 million baht, up 1,347 million baht or 26% from the previous year. The core revenues can be classified as followed:



Increase of total revenue from the previous year was due mainly to branch expansion in both cinema screens and bowling lanes, together with continued growth in concession business, advertising media business and film distribution business.
A slight drop in rental revenue was due mainly to a decrease in rental spaces, resulting from an asset transfer to Major Cineplex Lifestyle Property Fund (MJLF). However, the company received 694 million baht, in gain on disposal of plant, property and equipment to MJLF.

Total expenses in 2007 was 5,156 million baht, up 804 million baht or 18% from a year ago due to an increase in SG&A expenses incurred at the new branches and conversion of a few cinema screens (Metropolis branch) into rental spaces. Increase in cost of sales of concession

was due to an increase in raw materials prices. Cost of advertising services was up slightly from an increase in production cost.
A substantial amount in number of films and home video rights purchased during the year resulted to an increase in cost of film distribution.

However, the Company gross profitability margin increased to 43% due to gain from asset disposal to MJLF. Share of profit from investments in associate companies increase by 60% from the previous year to 157 million baht, as Siam Future Development PCL., Thai Ticket Major, California Wow Xperience PCL., and MJLF continue to grow. Resulting in an increase of net profit margin by 76% yoy.

Accordingly, the Company had a net profit in 2007 of 1,227 million baht or a profit per share of 1.42 baht.

Financial position as of 2007 year-end

Asset

The Company had total assets as of 2007 year-end at 9,293 million baht, up 512 million baht or 6% from the previous year.

Non-current assets of the Company increased 4% or 245 million baht from 2006. This was due mainly to an increase of investment in subsidiaries and associates companies, comprised of Ratchayothin Avenue Co., Ltd., Thai Ticket Major Co., Ltd. and Major Cineplex Lifestyle Property Fund.

The Company had current assets of 2,156 million baht. The increase of 267 million baht from a year ago was attributable to short-term investment of 303 million baht and an increase in account receivables. This was resulted from the Company's efforts in building the advertising business to synergize with the core cinema business and increase in account receivables of films distribution business.

The Company had cash and its equivalent of 216 million baht. This was an outcome of cashflows generated by operating activities of 1,284 million baht. Financing activities contributed 939 million baht in net inflows, mainly from the warrant conversion during the year. Meanwhile, investing activities use 580 million baht net, of which 1,690 million baht was for the payment of short-term investment and investment in associates. Combining with the 405 million baht balance from the previous year, the closing balance of cash and its equivalent was 170 million baht.

Source of funds

Major source of funds during 2007 came from the equity part. The Company received a total of 1,173 million baht from the warrant and ESOP-W1 & W2 conversion. As a result, total equity increased 1,426 million baht or 34% to 5,622 million baht.

The Company had total liabilities of 3,672 million baht, down 20% from the previous year, of which 68% or 2,487 million baht were current liabilities and 32% or 1,185 million baht were non-current liabilities. The Company had short-term loan of 914 million baht, account payable of 511 million baht and long-term loan including current portion of borrowing amounting 1,006 million baht.

Liquidity Ratios

Account receivable turnover dropped from 7.52 to 6.76 times in 2007 comparing to the previous year. As a result collection period increased from 44 to 53 days due mainly to, rise in account receivables of advertising business and film distribution business.

Inventory turnover was up from 15.89 to 16.04 times, resulting to a decrease in inventory days from 23 to 22 days due to more efficient purchasing policy.

Debt service coverage ratio decrease from 0.40 to 0.30, due to the repayment of both short-term and long-term loan in order to release collateral asset. Thus, the asset was transferred to MJLF.

FINANCIALS

Report of the Audit Committee

The Audit Committee of Major Cineplex Group Public Company Limited is comprised of three independent directors. The Company's Chief Financial Officer serves as committee secretary. The Audit Committee is empowered by the Board of Directors to examine all matters relating to the financial status of the Company, and its internal and external audits. The Committee pursues and promotes good corporate governance by actively creating awareness and providing advice to management on sound risk management and internal control practices.

For the fiscal year 2007, the Audit Committee held seven meetings. In such meetings, the Audit Committee met external auditor to review the Company's consolidated financial statement every quarter-end 2007 and provided assessments and recommendations to the Board of Directors and also met independently with the management and the internal and external auditors of the Company, conducted reviews and evaluations of accounting policies, the procedures relative to the accounting policies, the internal control assessment, and the audit plan. Where weaknesses were identified in internal controls, corrective action plan has been taken to eliminate or reduce the associated risks.

Accordingly, in our opinion, the internal control of Major Cineplex Group Public Company Limited operated effectively throughout the year to ensure that the Company's assets were safeguarded, proper accounting records were maintained, and resources were utilized efficiently. The Audit Committee has recommended to the Board of Directors that Mr. Kajornkiet Arunpairojanakul, Certified public Accountant No.3445 of Pricewaterhouse Coopers ABAS Limited, be re-appointed as the Company's auditor for the financial year ending December 31, 2008. The re-appointment of the auditor and acceptance of its fees will be subjected to the approval of the shareholders at the Annual General Meeting to be held on April 4, 2008.

Chai Jroongtanapibarn
Chairman of Audit Committee
February 26th, 2008

Responsibility Statement

of the Board of Directors to the Financial Statement

The Board of directors is responsible for the Company and consolidated financial statements as well as financial information as publicized in annual report. The financial statements are prepared according to generally accepted accounting standard in Thailand which applied appropriate policy, consistent practice with careful consideration and best estimation as well as enough disclosure of information in the notes to financial statement. Moreover, the Board of directors has provided and maintained efficient internal control system to ensure that accounting records are accurate, complete and adequate to preserve assets and prevent fraud or materially irregular operations.

Also, the Board of directors has appointed audit committees who are independent directors and not be a part of management team to take responsibility of financial statements, internal control system and to ensure and opine over related and conflict of interests transactions that are accurate and complete. The audit committee's opinion has been shown in the audit committee report in this annual report.

The Board of directors believes that the Company's internal control system is sufficient and be able to ensure that the Company and consolidated financial statements as of December 31, 2007 are reasonably trusted.

Mr. Somjainuk Engtrakul
Chairman of the Board

Mr. Vicha Poolvaraluck
Chairman

FINANCIALS

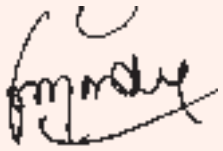
Auditor's Report

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

I have audited the accompanying consolidated and company balance sheets as of 31 December 2007 and 2006, and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the years then ended of Major Cineplex Group Public Company Limited and its subsidiaries and of Major Cineplex Group Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position as at 31 December 2007 and 2006, and the consolidated and company results of operations, and cash flows for the years then ended of Major Cineplex Group Public Company Limited and its subsidiaries and of Major Cineplex Group Public Company Limited, respectively, in accordance with generally accepted accounting principles.



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

Bangkok
26 February 2008

Major Cineplex Group Public Company Limited
Balance Sheets
As at 31 December 2007 and 2006

Unit: Baht

	Notes	Consolidated 2007	Consolidated 2006	Company 2007	Company As restated 2006
Assets					
Current assets					
Cash on hand and at banks	6	215,815,169	436,544,781	78,567,588	242,780,782
Short-term investments	7	302,904,317	-	302,904,317	-
Trade accounts and notes receivable, net	8	1,094,321,395	851,256,365	200,571,222	164,193,537
Accounts receivable - sponsors		71,249,727	156,774,820	63,064,652	82,177,224
Amounts due from related parties	26	5,929,690	4,455,789	794,350,445	329,408,576
Inventories, net	9	133,651,726	147,146,067	25,199,164	19,217,813
Value added tax receivable		173,996,331	140,520,048	36,635,691	14,615,770
Dividends receivable	26	-	-	125,840,000	-
Other current assets	10	158,013,261	152,434,699	52,816,813	85,656,527
Total current assets		2,155,881,616	1,889,132,569	1,679,949,892	938,050,229
Non-current assets					
Restricted cash		6,981,019	5,639,927	-	-
Investments in subsidiaries and associates, net	11	1,168,550,021	587,738,676	3,039,388,375	2,114,588,375
Loans to related parties	26	25,384,858	2,950,000	1,857,913,045	1,741,789,628
Loans to employees		10,867,614	10,192,868	8,709,490	8,353,404
Property, plant and equipment, net	12	4,759,164,047	4,956,303,413	1,775,067,911	1,543,932,071
Leasehold rights, net	13	665,889,315	693,834,834	191,254,830	191,609,673
Film rights, net	14	310,071,223	294,133,243	-	-
Goodwill, net	14	81,774,455	140,705,143	-	-
Deposits		87,292,390	161,944,196	41,710,939	116,498,949
Other non-current assets, net		22,083,304	39,457,397	2,918,735	3,475,385
Total non-current assets		7,138,058,246	6,892,899,697	6,916,963,325	5,720,247,485
Total assets		9,293,939,862	8,782,032,266	8,596,913,217	6,658,297,714

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

Unit: Baht

	Notes	Consolidated 2007	Consolidated 2006	Company 2007	Company As restated 2006
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and borrowings from financial institutions	15	913,692,318	1,341,547,229	471,481,530	915,742,864
Trade accounts and notes payable		510,714,435	529,428,753	334,730,904	270,977,272
Amounts due to related parties	26	5,820,618	7,260,943	287,985,391	41,003,526
Current portion of borrowings from financial institutions	15	327,873,449	590,749,877	279,952,990	490,822,866
Other accounts payable		182,304,486	239,255,548	84,330,716	106,055,522
Accrued income tax		115,678,376	102,543,639	76,628,075	25,505,681
Current portion of deferred rental and services income		22,469,865	17,761,600	4,023,000	-
Accrued expenses		158,406,981	103,002,892	58,527,566	38,752,937
Other current liabilities	16	249,694,613	169,651,118	64,882,920	34,331,931
Total current liabilities		2,486,655,141	3,101,201,599	1,662,543,092	1,923,192,599
Non-current liabilities					
Borrowings from subsidiaries	26	-	-	808,704,738	220,345,630
Borrowings from financial institutions	15	678,418,598	1,104,792,452	673,519,329	1,075,216,542
Deferred rental and services income		308,451,454	292,411,759	-	-
Advance receipt from sponsors		13,333,333	5,250,004	13,333,333	5,250,004
Deposits		180,475,154	78,739,442	21,541,136	17,342,079
Provision for liabilities on losses in subsidiaries	11	-	-	60,737,656	45,537,278
Other non-current liabilities		4,407,854	3,006,799	939,288	927,306
Total non-current liabilities		1,185,086,393	1,484,200,456	1,578,775,480	1,364,618,839
Total liabilities		3,671,741,534	4,585,402,055	3,241,318,572	3,287,811,438

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

Unit: Baht

	Notes	Consolidated		Company	
		2007	2006	2007	As restated 2006
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital	17				
Authorised share capital		906,000,000	906,776,533	906,000,000	906,776,533
Issued and fully paid-up share capital		879,932,619	787,185,105	879,932,619	787,185,105
Share premium	17	3,816,018,391	2,735,696,694	3,816,018,391	2,735,696,694
Share subscription		-	136,040,990	-	136,040,990
Retained earnings					
Appropriated - legal reserve	19	90,600,000	63,522,103	90,600,000	63,522,103
Unappropriated		833,266,542	447,932,185	569,043,635	(351,958,616)
Total parent's shareholders' equity		5,619,817,552	4,170,377,077	5,355,594,645	3,370,486,276
Minority interests	20	2,380,776	26,253,134	-	-
Total shareholders' equity		5,622,198,328	4,196,630,211	5,355,594,645	3,370,486,276
Total liabilities and shareholders' equity		9,293,939,862	8,782,032,266	8,596,913,217	6,658,297,714

Major Cineplex Group Public Company Limited
Statements of Income
for the years ended 31 December 2007 and 2006

Unit: Baht

	Notes	Consolidated 2007	Consolidated 2006	Company 2007	Company As restated 2006
Revenues					
Admissions		2,809,321,045	2,441,019,849	1,697,372,666	1,358,618,420
Concessions sales		531,383,032	413,978,094	308,940,343	194,056,959
Advertising services and sponsorship income		935,323,760	729,280,560	275,792,067	311,764,259
Bowling and Karaoke services income		519,277,772	535,053,725	77,315,767	92,149,845
Rentals and services income		382,872,887	424,250,517	114,204,792	40,753,468
Sales of VCD/DVD and film rights		619,309,147	542,406,754	-	-
Fitness services income		7,359,964	24,108,211	-	-
Gain on disposals of property, plant and equipment	12	693,868,274	-	-	-
Dividends income	26	-	-	1,388,530,167	21,685,092
Other operating income	21	94,966,684	136,548,725	459,877,203	306,048,575
Total revenues		6,593,682,565	5,246,646,435	4,322,033,005	2,325,076,618
Expenses					
Cost of film exhibition and theatre		2,408,789,796	2,113,505,229	1,473,905,906	1,236,841,624
Cost of sales of concessions		209,537,204	154,030,686	121,846,857	71,527,695
Cost of providing advertising services		45,713,088	26,363,382	-	-
Cost of providing bowling and Karaoke services		343,566,504	309,738,269	45,277,052	66,400,664
Cost of rentals and services		206,912,768	241,437,623	12,986,901	8,380,549
Cost of sales of VCD/DVD and film rights		548,747,853	378,962,587	-	-
Cost of providing fitness services		4,539,390	18,916,430	-	-
Selling and administrative expenses		1,388,518,763	1,109,281,469	635,624,193	480,711,846
Total expenses		5,156,325,366	4,352,235,675	2,289,640,909	1,863,862,378
Operating profit	22	1,437,357,199	894,410,760	2,032,392,096	461,214,240
Gain on disposals of investment		1,484,343	107,441,262	2,516,829	111,704,120
Share of profit of investments - equity method	11	157,258,274	98,128,797	-	-
Profit before interest and tax		1,596,099,816	1,099,980,819	2,034,908,925	572,918,360
Interest expense		(119,129,000)	(169,856,421)	(121,530,049)	(136,736,206)
Income tax		(273,378,785)	(236,369,051)	(150,746,593)	(91,074,071)
Profit before minorities		1,203,592,031	693,755,347	1,762,632,283	345,108,083
Loss attributable to minorities, net	20	23,372,358	1,421,068	-	-
Net profit for the year		1,226,964,389	695,176,415	1,762,632,283	345,108,083
Earnings per share	23				
Basic earnings per share		1.42	0.92	2.04	0.46
Diluted earnings per share		1.41	0.90	2.03	0.45

Major Cineplex Group Public Company Limited

Statements of Changes in Shareholders' Equity

For the years ended 31 December 2007 and 2006

Unit: Baht

	Notes	Consolidated						
		Issued and paid-up share capital	Share premium	Share subscription	Legal reserve	Unappropriated retained earnings	Minority interests	Total
Opening balance 1 January 2007		787,185,105	2,735,696,694	136,040,990	63,522,103	447,932,185	26,253,134	4,196,630,211
Issuance of ordinary shares	17	92,747,514	1,080,321,697	(136,040,990)	-	-	-	1,037,028,221
Legal reserve appropriation	19	-	-	-	27,077,897	(27,077,897)	-	-
Net profit (loss) for the year		-	-	-	-	1,226,964,389	(23,372,358)	1,203,592,031
Dividends	24	-	-	-	-	(814,552,135)	(500,000)	(815,052,135)
Closing balance 31 December 2007		879,932,619	3,816,018,391	-	90,600,000	833,266,542	2,380,776	5,622,198,328
Opening balance 1 January 2006		709,322,633	1,840,199,567	16,251	14,405,495	348,063,357	12,491,482	2,924,498,785
Issuance of ordinary shares	17	77,862,472	895,497,127	(16,251)	-	-	-	973,343,348
Share subscription		-	-	136,040,990	-	-	-	136,040,990
Share subscription in subsidiary received from minorities	20	-	-	-	-	-	20,000,000	20,000,000
Acquired shares in subsidiary from minorities	20	-	-	-	-	-	(3,900,000)	(3,900,000)
Legal reserve appropriation	19	-	-	-	49,116,608	(49,116,608)	-	-
Net profit (loss) for the year		-	-	-	-	695,176,415	(1,421,068)	693,755,347
Dividends	24	-	-	-	-	(546,190,979)	(917,280)	(547,108,259)
Closing balance 31 December 2006		787,185,105	2,735,696,694	136,040,990	63,522,103	447,932,185	26,253,134	4,196,630,211

Major Cineplex Group Public Company Limited

Statements of Changes in Shareholders' Equity (Cont'd)

For the years ended 31 December 2007 and 2006

Unit: Baht

	Notes	Company					
		Issued and paid-up share capital	Share premium	Share subscription	Legal reserve	Unappropriated retained earnings	Total
Opening balance 1 January 2007 - as previously reported		787,185,105	2,735,696,694	136,040,990	63,522,103	447,932,185	4,170,377,077
Retrospective adjustments	4	-	-	-	-	(799,890,801)	(799,890,801)
Opening balance - as restated		787,185,105	2,735,696,694	136,040,990	63,522,103	(351,958,616)	3,370,486,276
Issuance of ordinary shares	17	92,747,514	1,080,321,697	(136,040,990)	-	-	1,037,028,221
Legal reserve appropriation	19	-	-	-	27,077,897	(27,077,897)	-
Net profit for the year		-	-	-	-	1,762,632,283	1,762,632,283
Dividends	24	-	-	-	-	(814,552,135)	(814,552,135)
Closing balance 31 December 2007		879,932,619	3,816,018,391	-	90,600,000	569,043,635	5,355,594,645
Opening balance 1 January 2006 - as previously reported		709,322,633	1,840,199,567	16,251	14,405,495	348,063,357	2,912,007,303
Retrospective adjustments	4	-	-	-	-	(449,822,469)	(449,822,469)
Opening balance - as restated		709,322,633	1,840,199,567	16,251	14,405,495	(101,759,112)	2,462,184,834
Issuance of ordinary shares	17	77,862,472	895,497,127	(16,251)	-	-	973,343,348
Share subscription		-	-	136,040,990	-	-	136,040,990
Legal reserve appropriation	19	-	-	-	49,116,608	(49,116,608)	-
Net profit for the year - as restated		-	-	-	-	345,108,083	345,108,083
Dividends	24	-	-	-	-	(546,190,979)	(546,190,979)
Closing balance 31 December 2006		787,185,105	2,735,696,694	136,040,990	63,522,103	(351,958,616)	3,370,486,276

Major Cineplex Group Public Company Limited

Statements of Cash Flows

For the years ended 31 December 2007 and 2006

Unit: Baht

	Notes	Consolidated		Company	
		2007	2006	2007	As restated 2006
Cash flows from operating activities	25	1,283,996,549	898,588,659	582,511,975	323,774,751
Cash flows from investing activities					
Payments for short-term investments	7	(850,000,000)	-	(850,000,000)	-
Receipts for short-term investments	7	548,082,471	1,009,280	548,082,471	-
Loans made to related parties	26	(45,402,858)	(600,000)	(437,138,211)	(961,867,500)
Proceeds from settlements of loans to related parties	26	22,968,000	-	236,014,794	330,652,181
Proceeds from disposals of investment in associate	11	1,000,000	149,240,536	1,000,000	149,240,536
Proceeds from liquidation of associate		-	7,714,553	-	7,714,553
Payments for investment in associates	11	(840,200,000)	(90,110,315)	(840,200,000)	(90,110,315)
Payments for investment in subsidiaries		-	(7,000,000)	-	(7,000,000)
Purchases of property, plant and equipment		(963,321,748)	(1,085,370,310)	(599,431,236)	(340,585,157)
Proceeds from disposals of property, plant and equipment and leasehold rights		1,809,731,176	3,768,873	212,313,413	-
Dividends received from subsidiaries and associates	11	59,030,231	18,016,562	1,262,690,167	21,685,092
Loans to employees		(674,746)	(2,075,129)	(356,086)	(2,991,026)
Payments for deposits for leases and service contracts		(4,978,088)	(75,963,114)	(3,282,855)	(75,789,260)
Payments for leasehold rights		(43,840,281)	(125,872,000)	(7,984,981)	(109,000,000)
Payments for film rights		(272,482,989)	(395,838,143)	-	-
Net cash used in investing activities		(580,088,832)	(1,603,079,207)	(478,292,524)	(1,078,050,896)
Cash flows from financing activities					
(Increase) decrease in restricted cash		(1,341,092)	1,015,421	-	-
Proceeds (repayments) from short-term loans		(442,175,000)	531,700,000	(454,000,000)	344,000,000
Repayments of financial lease liabilities		(15,087,101)	(37,842,709)	(12,103,204)	(36,800,777)
Proceeds from loans from subsidiaries	26	-	-	890,632,662	222,215,630
Proceeds from long-term borrowings	15	420,000,000	200,000,000	420,000,000	200,000,000
Settlements of loans from subsidiaries	26	-	-	(302,273,554)	(88,000,000)
Settlements of long-term borrowings	15	(1,122,427,010)	(450,572,990)	(1,043,000,000)	(355,000,000)
Proceeds from issuance of shares	18	1,037,028,222	973,343,348	1,037,028,222	973,343,348
Cash received for share subscription		-	136,040,990	-	136,040,990
Dividends paid	24	(814,455,437)	(546,132,465)	(814,455,437)	(546,132,465)
Dividends paid to minorities	20	(500,000)	(917,280)	-	-
Share subscription in subsidiary received from minorities	20	-	20,000,000	-	-
Net cash from (used in) financing activities		(938,957,418)	826,634,315	(278,171,311)	849,666,726

Major Cineplex Group Public Company Limited
Statements of Cash Flows (Cont'd)
For the years ended 31 December 2007 and 2006

Unit: Baht

	Notes	Consolidated 2007	Consolidated 2006	Company 2007	Company 2006
Net increase (decrease) in cash and ash equivalents		(235,049,701)	122,143,767	(173,951,860)	95,390,581
Cash and cash equivalents at the beginning of the year		404,697,552	282,553,785	241,037,918	145,647,337
Cash and cash equivalents at the end of the year	6	169,647,851	404,697,552	67,086,058	241,037,918

Supplementary information for cash flows:

Unit: Baht

	Consolidated 2007	Consolidated 2006	Company 2007	Company 2006
Interest paid	119,129,000	169,856,421	92,334,009	127,340,134
Income tax paid	260,244,048	288,770,807	99,624,199	130,504,743

Non-cash transactions

Significant non-cash transactions during the years ended 31 December 2007 and 2006 are as follows:

Unit: Baht

	Notes	Consolidated 2007	Consolidated 2006	Company 2007	Company 2006
Investment in property, plant and equipment not yet paid		36,658,934	88,237,149	25,985,648	36,742,690
Purchases of film rights not yet paid		24,680,158	62,558,655	-	-
Purchases of property, plant and equipment under finance leases		28,263,829	6,677,168	22,536,115	6,039,408
Investment in subsidiaries by converting debt to equity	11	-	-	85,000,000	-

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2007 and 2006

1 General information

Major Cineplex Group Public Company Limited ("the Company") is a public limited company incorporated and resident in Thailand. The address of the Company's registered office is as follows:

1839 Phaholyothin road, Ladyao, Jatujak, Bangkok.

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as "the Group".

The Group principally engages in theatre operations and entertainment services. The principal business operations of the Group are summarised as follows:

- Theatre operations including advertising and media services
- Bowling and Karaoke services
- Rental and services
- Film distribution
- Health/Fitness center services

The Group is operating in Thailand and employs over 4,422 people as of 31 December 2007 (2006: 3,470 staff).

These group consolidated and company financial statements were authorised for issue by the Board of Directors on 26 February 2008.

2 Accounting policies

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

2.1 Basis for preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The consolidated and company financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

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

2 Accounting policies (Cont'd)

2.2 Amendment to accounting standards effective for accounting period beginning on 1 January 2007 and 2008

The following standards are revised and are mandatory for accounting periods beginning on or after 1 January 2007.
TAS 44: Consolidated and Separate Financial Statements
TAS 45: Investments in Associates
TAS 46: Interests in Joint Ventures

The Group has disclosed an impact of these revisions on the financial statements as described in Note 4.

The following Thai Accounting Standards ("TAS") are revised and are mandatory for accounting periods beginning on or after 1 January 2008.
TAS 25: Cash Flow Statements
TAS 29: Leases
TAS 31: Inventories
TAS 33: Borrowing Costs
TAS 35: Presentation of Financial Statements
TAS 39: Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41: Interim Financial Reporting
TAS 43: Business Combinations
TAS 49: Construction Contracts

The new Thai Accounting Standard that is mandatory for accounting periods beginning on or after 1 January 2008:

TAS No. 51 Intangible Assets

The Group does not choose for early adoption of these standards and will apply these revisions and the new accounting standards for the accounting periods beginning on 1 January 2008. The Management has assessed and determined that the revised and new standards do not have significant impact to the financial statements being presented.

2.3 Group accounting - Investments in subsidiaries and associates

a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

2 Accounting policies (Cont'd)

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

a) Subsidiaries (Cont'd)

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised as negative goodwill.

Intercompany transactions, balances and unrealised gains or losses on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements investments in subsidiaries are reported by using the cost or the fair value.

A list of the Group's principal subsidiaries is set out in Note 11.

b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated amortisation cost. The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in fair value reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

A list of the Group's principal associates and the effects of acquisition and disposals of associates are shown in Note 11.

2.4 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.

Notes to the Consolidated and Company Financial Statements

2 Accounting policies (Cont'd)

2.4 Investments (other than subsidiaries and associates) (Cont'd)

Investments are carried at cost less impairment.

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

2.5 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.

2.6 Financial instruments

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

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original 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.

2.8 Trade accounts receivable

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

2.9 Inventories

Inventories consist of foods and beverages at concessions and outlets, theatre supplies, VCD and DVD.

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

2 Accounting policies (Cont'd)

2.10 Property, plant and equipment

Property, plant 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, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life or, if it is shorter, the lease term, as follows:

Buildings	20 years
Theatres	10, 20 years and the lease contracts periods
Buildings and theatres improvements	10, 20 years and the lease contracts periods
Utilities systems	5, 10, 15 years
Tools and equipment	5, 10, 15, 20 years
Furniture and fixtures	5 years
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 operating profit.

Interest costs on borrowings to finance the construction of property, plant 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. All other borrowing costs are expenses.

2.11 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net 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. 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.

Notes to the Consolidated and Company Financial Statements

2 Accounting policies (Cont'd)

2.11 Goodwill (Cont'd)

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.

2.12 Other intangible assets

Film rights

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

2.13 Impairment of assets

Property, plant and equipment and other non-current 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. Assets other than goodwill that suffered an impairment are reversed for possible impairment loss of the estimation of the recoverable amount were changed in subsequent period after the Group's recognition of impairment.

2.14 Leases - where a group company is the lessee

Leases of property, plant and equipment, which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payable. The interest element of the finance cost is charged to the statement of income over the lease period so as to achieve a constant period rate of interest on the remaining balance of the liability for each period. The property and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Leases not transferring a significant portion of the risks and rewards of ownership to the leasee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

2 Accounting policies (Cont'd)

2.14 Leases - where a group company is the lessee (Cont'd)

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.

2.15 Employee benefits

The Group operates a provident fund, that is a defined contribution plan. The assets of which are held in a separate fund. 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.

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

2.16 Provisions

Provisions, excluding 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 assets but only when the reimbursement is virtually certain.

Provision for goods returns

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

2.17 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 is recognised when the services are rendered.

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.

Other revenues earned by the Group are recognised on the following basis:

- Interest income - on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.
- Dividend income - when the right to receive payment is established.

2.18 Deferred revenue

Deferred revenue relates to rentals and services are recognised as revenue when services are provided to customers.

Notes to the Consolidated and Company Financial Statements

2 Accounting policies (Cont'd)

2.19 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.

2.20 Dividends

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

2.21 Segment reporting

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

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects from change of foreign currency exchange rates, interest rates and non-performance of contractual obligations by counterparties. Risk management is carried out by Group Management. The Group does not have policy to use derivative financial instruments for trading or speculative purpose.

3.1.1 Interest rate risk

The Group's income and operating cash flows are not substantially independent of changes in market interest rates. Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The loan interest rates of the Group are mainly floated. The Group does not use the interest rate derivative to manage exposure from fluctuation in interest rate on specific borrowing.

3.1.2 Foreign exchange risk

The Group has no exposure to foreign currency risk relates due to its accounts receivable and accounts payable are mainly made in local currency. The Group does not use any derivative financial instruments to hedge certain foreign currency exposure.

3.1.3 Credit risk

The Group has no significant concentrations of credit risks due to the large number of customer from which the income is charge on cash basis. The Group has policies in place to ensure that sales of products and services are made to customers with appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

3 Financial risk management (Cont'd)

3.2 Fair value

The book values of financial assets and liabilities with a maturity of less than one year are approximate their fair values. Long-term borrowings and loans made with related parties carried an interest at the market interest rate. Management believed that their net book values are assumed to approximate their fair value.

4 Change in accounting policy with respect to the investments

The amendment of TAS no. 44 "Consolidated and Separate Financial Statements", TAS no. 45 "Investments in Associates" and TAS no. 46 "Interests in Joint Ventures" require the change from equity method to cost method for investments in subsidiaries, associates and jointly controlled entities presented in the separate financial statements. Under the cost method, income from investment will be recorded when dividends are declared. Those revised standards are mandatory from 1 January 2007. The Company has applied such method for investments in subsidiaries and associates presented in the separate financial statements. The change in the accounting policy only has an impact on the separate financial statements and does not have any impact on the consolidated financial statements.

The Company has adopted the cost method in the separate financial statements since 1 January 2007 by applying retrospective adjustments. The effects of the change to the company balance sheet as at 31 December 2006 and the company statements of income for the year ended 31 December 2006 are as follows:

	Baht
Balance sheet as at 31 December 2006	
- Decrease in investments in subsidiaries and associates	754,353,523
- Increase in provision for liabilities on losses in subsidiaries	45,537,278
- Decrease in retained earnings as at 31 December 2006	799,890,801
- Decrease in retained earnings as at 1 January 2006	449,822,469
Statement of income for the year ended 31 December 2006	
- Decrease in share of profit from investment using equity method	351,491,234
- Increase in loss from provision for losses on investment in subsidiaries	24,525,049
- Increase in dividend income	21,685,092
- Increase in gain on disposal of investment in associates	4,262,859
- Decrease in net profit for the year	350,068,332
- Decrease in basic earnings per share	0.46
- Decrease in diluted earnings per share	0.45

5 Segment information

Financial information by business segments is as follows:-

Unit: Million Baht

	Consolidated						
For the year ended 31 December 2007	**Cinema business**	**Bowling and Karaoke business**	**Rental and services**	**VCD/DVD and film rights distribution**	**Fitness center**	**Eliminated**	**Consolidated**
Revenues	4,274	555	532	627	8	(96)	5,900
Segment result	772	25	290	(105)	(12)		970
Gain on disposals of property, plant and equipment							694
Unallocated costs							(227)
Operating profit							1,437
Gain on sale of investment							2
Share of associates							157
Interest expense							(119)
Profit before tax							1,477
Tax							(273)
Group profit							1,204
Minority interests							23
Net profit							1,227
Segment assets	5,080	1,120	450	801	59		7,510
Investment in associates							1,169
Unallocated assets							615
Consolidated total assets							9,294

5 Segment information (Cont'd)

	Consolidated						Unit: Million Baht
For the year ended 31 December 2006	**Cinema business**	**Bowling and Karaoke business**	**Rental and services**	**VCD/DVD and film rights distribution**	**Fitness center**	**Eliminated**	**Consolidated**
Revenues	3,667	538	588	564	24	(134)	5,247
Segment result	703	64	315	17	(9)		1,090
Unallocated costs							(195)
Operating profit							895
Gain on sale of investment in associate							107
Interest expense							(170)
Share of associates							98
Profit before tax							930
Tax							(236)
Group profit							694
Minority interest							1
Net profit							695
Segment assets	5,017	1,022	1,208	741	77		8,065
Investment in associates							588
Unallocated assets							129
Consolidated total assets							8,782

Unallocated costs represent corporate expenses. Segment assets consist primarily property and equipment, intangible assets, inventories, receivables and operating cash.

Liabilities are mainly borrowings purposed to be used for all segments and for the Group's liquidity. Accordingly, the Group does not present the liabilities segment information.

5 Segment information (Cont'd)

Discontinuing operations

On 26 June 2007, certain subsidiaries have sold utilities equipment and leased certain property and buildings to Major Cineplex Lifestyle Property Fund. As a result, revenue for the rental and services segment decreased by Baht 93 million in 2007. However, the group has property management income of Baht 12 million according to an agreement with the Property Fund. Rental and service expense for 2007 increased by Baht 48 million due to the lease back of theatres from the Property Fund.

Since the second quarter of 2007, a subsidiary has discontinued its operation in providing fitness centre services. As a result, revenues and cost of services of fitness centre decreased in 2007.

6 Cash on hand and at banks

Unit: Baht

	Consolidated		Company	
	2007	2006	2007	2006
Cash on hand	77,450,476	72,986,777	41,786,342	44,337,022
Deposits held at call with banks	138,364,693	363,558,004	36,781,246	198,443,760
Total cash on hand and at banks	215,815,169	436,544,781	78,567,588	242,780,782

The effective interest rate on short-term bank deposit was 0.75 % to 2.00% per annum (2006: 0.50% to 1.00% per annum).

For the purpose of statement of cash flows, cash and cash equivalents comprise the following:

Unit: Baht

	Consolidated		Company	
	2007	2006	2007	2006
Cash on hand and deposits held at call with banks	215,815,169	436,544,781	78,567,588	242,780,782
Bank overdrafts (Note 15)	(46,167,318)	(31,847,229)	(11,481,530)	(1,742,864)
Cash and cash equivalents	169,647,851	404,697,552	67,086,058	241,037,918

7 Short-term investment

Short-term investments represent investment unit of a mutual fund. Movements of short - term investment are as follows:

Unit: Baht

	Consolidated and Company
Opening book value	-
Additions	850,000,000
Disposals	(548,082,471)
Fair value changes of short-term investment	986,788
Closing book value	302,904,317

8 Trade accounts and notes receivable, net

Unit: Baht

	Consolidated		Company	
	2007	2006	2007	2006
Unbilled revenue - advertising	19,601,567	51,420,009	-	-
Notes receivable	10,816,461	58,663,498	56,000	3,226,747
Trade accounts receivable				
- advertising	669,196,333	353,552,179	166,423,520	101,108,128
- sales of VCD, DVD and film rights	366,471,809	280,395,618	-	-
- others	47,349,552	163,741,175	34,091,702	60,941,697
Total	1,113,435,722	907,772,479	200,571,222	165,276,572
Less Allowance for doubtful accounts	(19,114,327)	(56,516,114)	-	(1,083,035)
Trade accounts and notes receivable, net	1,094,321,395	851,256,365	200,571,222	164,193,537

Outstanding trade accounts and notes receivable can be analysed according to ages as follows:

Unit: Baht

	Consolidated		Company	
	2007	2006	2007	2006
Unbilled revenue - advertising	19,601,567	51,420,009	-	-
Trade accounts and notes receivable				
Current	648,476,662	466,167,852	117,965,063	42,300,481
Overdue not more than 3 months	242,391,278	255,888,145	60,717,696	69,373,462
3 - 6 months	58,203,580	43,106,913	16,597,658	38,481,077
over 6 months	144,762,635	91,189,560	5,290,805	15,121,552
Total	1,113,435,722	907,772,479	200,571,222	165,276,572
Less Allowance for doubtful accounts	(19,114,327)	(56,516,114)	-	(1,083,035)
Trade accounts and notes receivable, net	1,094,321,395	851,256,365	200,571,222	164,193,537

9 Inventories, net

Unit: Baht

	Consolidated		Company	
	2007	2006	2007	2006
Foods and beverages	18,853,664	30,387,146	14,571,463	13,296,999
VCD and DVD	103,224,679	108,624,153	-	-
Supplies	29,829,540	9,653,871	10,627,701	5,920,814
	151,907,883	148,665,170	25,199,164	19,217,813
Less Allowance for diminution in value of inventories	(18,256,157)	(1,519,103)	-	-
	133,651,726	147,146,067	25,199,164	19,217,813

10 Other current assets

Unit: Baht

	Consolidated		Company	
	2007	2006	2007	2006
Accrued income	15,391,910	7,762,683	1,684,575	6,208,287
Prepaid expenses	32,629,372	43,567,051	14,946,863	12,517,248
Advance payment	34,706,871	64,279,405	31,738,189	55,945,480
Withholding tax deducted at sources	63,123,156	1,831,437	-	-
Other accounts receivable	8,117,045	29,847,787	3,744,334	10,914,925
Others	4,044,907	5,146,336	702,852	70,587
	158,013,261	152,434,699	52,816,813	85,656,527

11 Investments in subsidiaries and associates

Unit: Baht

	Consolidated		Company	
				As restated
	2007	2006	2007	2006
Investment in subsidiaries	-	-	1,752,679,617	1,667,679,617
Less Allowance for impairment	-	-	(18,100,000)	(18,100,000)
Investment in subsidiaries, net	-	-	1,734,579,617	1,649,579,617
Investment in associates	1,168,550,021	587,738,676	1,304,808,758	465,008,758
Investment in subsidiaries and associates, net	1,168,550,021	587,738,676	3,039,388,375	2,114,588,375

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

Unit : Baht

	Company
Investment in subsidiaries	
Opening net book amount - as previously reported	2,279,789,277
Retrospective adjustments (Note 4)	(630,209,660)
Opening net book amount - as restated	1,649,579,617
Additions	85,000,000
Closing net book amount	1,734,579,617

11 Investments in subsidiaries and associates (Cont'd)

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

Unit: Baht

	Consolidated	Company
Investment in associates		
Opening book amount - as previously reported		589,152,621
Retrospective adjustments (Note 4)		(124,143,863)
Opening book amount - as restated	587,738,676	465,008,758
Acquisitions	842,385,947	842,385,947
Disposal	(3,618,433)	(2,585,947)
Dividends received	(59,030,231)	-
Share of results	157,258,274	-
	1,524,734,233	1,304,808,758
Less Elimination of gain on disposals of assets to the Property Fund	(356,184,212)	-
Closing book amount	1,168,550,021	1,304,808,758

Gain on disposals of assets to Major Cineplex Lifestyle Property Fund amounting to Baht 363.13 million (Note 12) will be realised on the straight-line basis over the lease contracts periods of the buildings leased out to the Property Fund. During 2007, Baht 6.95 million has been realised in the statement of income.

As at 31 December 2007, investment in associates included net book value of goodwill in the consolidated financial statements amounting to Baht 120.13 million. Goodwill amortised during 2007 is amounting to Baht 18 million.

Major Online Company Limited and Ratchayothin Avenue Company Limited

On 21 February 2007, the Company has received 5,993 ordinary shares with a 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 ordinaries shares of Major Online Company Limited to RAC for a consideration of Baht 1 million. As a result, the Company has loss on sales of investment amounting to Baht 2.62 million and Baht 1.59 million in the consolidated and company financial statements, respectively.

Thaiticketmajor Company Limited

On 8 June 2007, the Company acquired 40% of the share capital in ThaiTicketMaster.Com Company Limited for a consideration of Baht 31.20 million. ThaiTicketMaster.Com Company Limited engages in business as an agent for selling of tickets for shows and concerts. The fair value of net identifiable assets at the date of acquisition was Baht 6.87 million. The resulting goodwill of Baht 24.33 million will be amortised on a straight-line basis over 10 years. Subsequently on 20 June 2007, ThaiTicketMaster.Com Company Limited has changed its name to Thaiticketmajor Company Limited.

11 Investments in subsidiaries and associates (Cont'd)

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

Major Cineplex Lifestyle Property Fund

On 13 June 2007, the Group has issued and offered 230 million investment units with a par value of Baht 10 of Major Cineplex Lifestyle Property Fund (the "Fund") to the public, totalling Baht 2,300 million.

On 27 June 2007, the Company has invested in 33% of the total issued investment units of the Fund, totalling Baht 759 million. The Fund will use the proceeds from the offering to invest in purchasing, leasing and/or subleasing property and equipment. The properties in which the Fund will invest are part of leasehold land and buildings which are properties of Ratchayothin Realty Company Limited, Ratchayothin Management Company Limited, Ratchayothin Cinema Company Limited, Major Cineplex Property Company Limited and Major Cineplex Services Company Limited which are subsidiaries of the Company.

Pacific Marketing and Entertainment Group Company Limited

During October 2007, Pacific Marketing and Entertainment Group Company Limited ("PMEG"), a subsidiary, has increased its share capital from 1.5 million shares to 10.0 million shares with a par value of Baht 10 per share, totalling Baht 100 million. The additional 8.5 million ordinary shares with a par value of Baht 10 per share, totalling Baht 85 million have been fully subscribed by Major Cineplex Group of which the consideration has been settled by way of converting the loans to PMEG to capital. After the subscription in the additional share capital, the investment portion of Major Cineplex Group in PMEG has increased from 79.99% to 96.99%.

Siam Future Development Public Company Limited

As 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 Company has profit from sales of investment amounting to Baht 107.44 million. The ownership interests in Siam Future Development Pubic Company have been reduced from 25.15% to 21.25% as a result of sales.

11 Investments in subsidiaries and associates (Cont'd)

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

	Nature of business	Nature of relationship	% Ownership interest 2007	% Ownership interest 2006
Subsidiaries				
Major Cineplex Property Co., Ltd.	Building space for rent	Shareholder	99.99	99.99
Major Cineplex Services Co., Ltd.	Utilities services	Shareholder	99.99	99.99
Chiangmai Cineplex Co., Ltd.	Cinema services	Shareholder	99.99	99.99
Ratchayothin Management Co., Ltd.	Utilities services	Shareholder	99.9	99.9
Ratchayothin Cinema Co., Ltd.	Cinema services	Shareholder	99.99	99.99
Ratchayothin Realty Co., Ltd.	Building space for rent	Shareholder	99.99	99.99
Major Bowl Group Co., Ltd.	Entertainment services	Shareholder	99.99	99.99
Major Cinead Co., Ltd.	Advertising and advisory services	Shareholder	99.93	99.93
Bangkok Imax Theater Co., Ltd.	Cinema services	Shareholder	99.94	99.94
Udorn Five Star Cineplex Co., Ltd.	Cinema services	Shareholder	90.00	90.00
Siam Cineplex Co., Ltd.	Cinema services	Shareholder	99.99	99.99
EGV Entertainment Public Co., Ltd. ("EGV")	Cinema services	Shareholder	99.97	99.97
Pacific Marketing and Entertainment Group Co., Ltd. ("PMEG")	Distribution of VCD/DVD and film rights	Shareholder	96.99	79.99
M Pictures Co., Ltd.	Distribution of film rights	Shareholder	79.99	79.99
Subsidiaries under EGV				
Entertain Golden Village Exhibition Co., Ltd.	Cinema services, advertising services	Indirect Shareholding	99.96	99.96
EGV Exhibition Co., Ltd.	Cinema services, advertising services, area for rent of sales food beverage	Indirect Shareholding	99.96	99.96
EGV Five Star Co., Ltd.	Cinema services, advertising services	Indirect shareholding	89.97	89.97
Exertainment Co., Ltd.	Healthcare center and fitness center	Indirect shareholding	59.98	59.98
Subsidiaries under PMEG				
Pacific Media Sale Co., Ltd.	Distribution of tape, CD, VDO, VCD and DVD	Indirect Shareholding	96.41	79.98
Associates				
California Wow Experience Public Company Limited	Fitness center services and other related services	Shareholder	36.75	36.75
Siam Future Development Public Company Limited ("SF")	Rental of building space and utilitiesservices	Shareholder	21.25	21.25
Ratchayothin Avenue Co., Ltd.	Rental of building space and utilities services	Shareholder Indirect shareholding via Siam Future	50.00 10.63	- -
Major Cineplex Lifestyle Property Fund	Rental of building and utilities services	Shareholder	33.00	-

Thaiticketmajor Co., Ltd.	Agent for selling of tickets	Shareholder	40.00	-
Associates under PMEG				
Media Logistic Co., Ltd.	Providing of logistic services	Indirect shareholding	39.99	39.99

All subsidiaries and associates are incorporated in Thailand. All holdings are investments in ordinary shares and investment unit in the Property Fund.

11 Investments in subsidiaries and associates (Cont'd)

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

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

	Assets Baht	Liabilities Baht	Revenues Baht	Profit/(loss) Baht	% Ownership Interest
Year ended 31 December 2007					
California Wow Experience Public Company Limited	739,316,100	600,746,225	595,100,141	(34,557,782)	36.75
Siam Future Development Public Company Limited	1,363,212,600	956,393,671	337,892,663	65,392,071	21.25
Ratchayothin Avenue Company Limited	449,482,149	389,175,911	1,641,319	(343,762)	60.63
Major Cineplex Lifestyle Property Fund	912,229,658	15,731,050	51,212,875	154,272,508	33.00
Thaiticketmajor Company Limited	46,520,307	33,623,418	36,069,974	8,223,152	40.00
	3,510,760,814	1,995,670,275	1,021,916,972	192,986,187	
Year ended 31 December 2006					
California Wow Experience Public Company Limited	645,627,179	468,089,522	452,914,827	10,835,411	36.75
Siam Future Development Public Company Limited	1,069,486,262	702,928,423	355,828,003	86,054,143	21.25
Major Online Company Limited	5,566,186	4,107,168	7,337,993	1,081,883	40.00
	1,720,679,627	1,175,125,113	816,080,823	97,971,437	

11 Investments in subsidiaries and associates (Cont'd)

c) Provision for liabilities on losses in subsidiaries

The subsidiaries, EGV Entertainment Public Co., Ltd. has provided a guarantee in respect of Exertainment Co., Ltd.'s bank loans amounting to Baht 43.4 million (2006: Baht 43.4 million) and Pacific Marketing and Entertainment Group Co., Ltd. ("PMEG") has provided loans to Pacific Media Sales Co., Ltd., a subsidiary under PMEG amounting to Baht 66.5 million (2006: Baht 71.0 million).

As at 31 December 2007, Exertainment Co., Ltd. and Pacific Media Sale Co., Ltd. have negative shareholders'equity amounting to Baht 92.57 million and Baht 37.39 million, respectively (2006: Baht 69.50 million and Baht 24.47 million, respectively). The Company has recognised a provision for liabilities arisen from these investments in respect of the guarantee obligation and the possible loans losses as aforementioned.

The movements of provision for liabilities on losses in relation to investments in Exertainment Co., Ltd. and Pacific Media Sale Co., Ltd. for the years ended 31 December 2007 and 2006 are as follows:

	Unit: Baht	
	Company	
	2007	As restated 2006
Opening balance	45,537,278	21,012,229
Additional provisions	15,200,378	24,525,049
Closing balance	60,737,656	45,537,278

12 Property, plant and equipment, net

	Consolidated								
	Land	Building and building improvements	Theatre and theatre improvements	Utilities system	Operating tools, equipment and fixtures	Office equipment	Motor vehicles	Construction in progress	Total
At 31 December 2006									
Cost	34,909,553	1,064,112,561	2,892,796,371	797,304,107	2,982,249,483	234,927,980	31,993,544	119,845,489	8,158,139,088
Less: Accumulated depreciation	-	(352,585,768)	(878,036,649)	(386,547,718)	(1,419,658,652)	(153,251,116)	(11,755,772)	-	(3,201,835,675)
Net book value	34,909,553	711,526,793	2,014,759,722	410,756,389	1,562,590,831	81,676,864	20,237,772	119,845,489	4,956,303,413
For the year ended 31 December 2007									
Opening net book value	34,909,553	711,526,793	2,014,759,722	410,756,389	1,562,590,831	81,676,864	20,237,772	119,845,489	4,956,303,413
Additions	173,407,445	1,130,846	126,267,025	64,009,187	378,971,537	45,083,778	9,066,763	238,240,602	1,036,177,183
Transfer	-	-	54,145,292	10,365,859	45,619,704	1,737,927	-	(111,868,782)	-
Disposals, net	-	(374,670,678)	(8,280,283)	(139,132,425)	(36,516,600)	(4,884,958)	(1,114,724)	-	(564,599,668)
Write-off, net	-	(19,352,615)	(37,564,847)	(5,097,689)	(1,198,445)	(100,805)	(849,258)	-	(64,163,659)
Depreciation charge	-	(38,426,237)	(176,800,201)	(45,605,643)	(302,658,097)	(33,639,590)	(6,638,588)	-	(603,768,356)
Impairment charge	-	-	-	(784,866)	-	-	-	-	(784,866)
Closing net book value	208,316,998	280,208,109	1,972,526,708	294,510,812	1,646,808,930	89,873,216	20,701,965	246,217,309	4,759,164,047
At 31 December 2007									
Cost	208,316,998	418,866,647	2,881,323,577	626,369,927	3,256,601,220	270,870,453	37,478,048	246,217,309	7,946,044,179
Less: Accumulated depreciation	-	(138,658,538)	(908,796,869)	(331,074,249)	(1,609,792,290)	(180,997,237)	(16,776,083)	-	(3,186,095,266)
Allowance for impairment	-	-	-	(784,866)	-	-	-	-	(784,866)
Net book value	208,316,998	280,208,109	1,972,526,708	294,510,812	1,646,808,930	89,873,216	20,701,965	246,217,309	4,759,164,047

As at 31 December 2007, the costs of fully depreciated property and equipment that are still in use are amounting to Baht 1,222.31 million (2006: Baht 984.50 million).

Additions during 2007 include Baht 28.90 million of assets acquired under finance lease agreements.

12 Property, plant and equipment, net (Cont'd)

Properties with the net book value amounting to Baht 372.77 million (2006: Baht 483.56 million) are pledged as collateral for bank borrowings (Note 15).

On 26 June 2007, the Group has sold utilities equipment and leased certain property and buildings to Major Cineplex Lifestyle Property Fund for the lease periods of 20 years 8 months and 30 years, with the lease of one particular building can be extended for another 30 years. The lease of land is determined to be operating lease whereas the lease of buildings is determined to be finance lease according to the substance of the related lease agreements. The net book value of the disposed assets are amounting to Baht 523 million. The Group has received Baht 1,802.67 million as consideration for the transaction, of which Baht 34.91 million and Baht 120.94 million respectively, representing advance for land rental and a deposit for extension of the building lease term, and are included in the Deferred rental and Deposits on the balance sheet accordingly. As a result, gain from disposals amounting to Baht 693.87 million (after elimination of inter-company profit of Baht 363.13 million, Note 11) has been recognised during the year.

During the year, the Group has transformed certain theatres into retail areas for rent and has written off the net book value of the related theatre improvements amounting to Baht 65.2 million.

12 Property, plant and equipment, net (Cont'd)

	Company							Unit: Baht
	Land	Theatre and theatre improvements	Utilities system	Operating tools, equipment and fixtures	Office equipment	Motor vehicles	Construction in progress	Total
At 31 December 2006								
Cost	-	1,074,418,318	91,781,108	1,117,498,813	74,335,996	17,190,258	79,112,373	2,454,336,866
Less Accumulated depreciation	-	(315,189,738)	(29,043,358)	(526,273,889)	(34,382,394)	(5,515,416)	-	(910,404,795)
Net book value	-	759,228,580	62,737,750	591,224,924	39,953,602	11,674,842	79,112,373	1,543,932,071
For the year ended 31 December 2007								
Opening net book value	-	759,228,580	62,737,750	591,224,924	39,953,602	11,674,842	79,112,373	1,543,932,071
Additions	173,406,998	116,829,219	27,769,115	227,597,874	34,662,340	2,739,242	102,805,860	685,810,648
Transfer	-	54,145,293	6,716,976	21,798,109	603,335	-	(83,263,713)	-
Write-off, net	-	-	(3,173,887)	(167,018,134)	(283,392)	-	(41,838,000)	(212,313,413)
Depreciation charge	-	(81,219,257)	(7,633,058)	(134,433,719)	(15,803,505)	(3,271,856)	-	(242,361,395)
Closing net book value	173,406,998	848,983,835	86,416,896	539,169,054	59,132,380	11,142,228	56,816,520	1,775,067,911
At 31 December 2007								
Cost	173,406,998	1,245,392,828	122,972,020	1,040,633,463	106,586,350	19,929,500	56,816,520	2,765,737,679
Less Accumulated depreciation	-	(396,408,993)	(36,555,124)	(501,464,409)	(47,453,970)	(8,787,272)	-	(990,669,768)
Net book value	173,406,998	848,983,835	86,416,896	539,169,054	59,132,380	11,142,228	56,816,520	1,775,067,911

As at 31 December 2007, the costs of fully depreciated property and equipment that are still in use are amounting to Baht 226.88 million (2006: Baht 163.16 million).

Additions during 2007 included Baht 22.54 million (2006: Baht 15.35 million) of assets acquired under finance lease agreements.

Notes to the Consolidated and Company Financial Statements

13 Leasehold rights, net

Unit: Baht

	Consolidated	Company
At 31 December 2006		
Cost	753,467,986	197,922,897
Less Accumulated amortisation	(59,633,152)	(6,313,224)
Net book value	693,834,834	191,609,673
For the year ended 31 December 2007		
Opening net book value	693,834,834	191,609,673
Additions	43,840,281	7,984,981
Disposals - net	(38,636,810)	-
Amortisation	(33,148,990)	(8,339,824)
Closing net book value	665,889,315	191,254,830
At 31 December 2007		
Cost	746,858,266	205,907,878
Less Accumulated amortisation	(80,968,951)	(14,653,048)
Net book value	665,889,315	191,254,830

Leasehold rights with the net book value amounting to Baht 206.75 million (2006: Baht 274.12 million) are pledged as collateral for bank borrowings (Note 15).

In relation to the buildings leased out to the Property Fund as mentioned in Note 12, the Group has forfeited the leasehold rights on which these buildings are located, in order for the Property Fund to be able to acquire the rights. The net book value amounting to Baht 38.64 million of the rights has been written off accordingly.

14 Intangible assets

Unit: Baht

	Consolidated	
	Film rights	Goodwill
At 31 December 2006		
Cost	580,909,133	192,420,138
Less Accumulated amortisation	(285,360,283)	(51,714,995)
Allowance for impairment	(1,415,607)	-
Net book value	294,133,243	140,705,143
For the year ended 31 December 2007		
Opening net book value	294,133,243	140,705,143
Additions	234,604,492	-
Disposals	-	(35,814,340)
Amortisation	(210,644,109)	(23,116,348)
Impairment charge	(8,022,403)	-
Closing net book value	310,071,223	81,774,455
At 31 December 2007		
Cost	815,513,625	156,605,798
Less Accumulated amortisation	(496,004,392)	(74,831,343)