

AUDITOR'S REPORT

To the Shareholders of Major Cineplex Group Public Company Limited

I have audited the accompanying consolidated and company financial statements of Major Cineplex Group Public Company Limited and its subsidiaries and of Major Cineplex Group Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the related consolidated and company income statements, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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 of Major Cineplex Group Public Company Limited and its subsidiaries and of Major Cineplex Group Public Company Limited as at 31 December 2014, and consolidated and company results of operations and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Pisit Thangtanagul
Certified Public Accountant (Thailand) No. 4095
PricewaterhouseCoopers ABAS Ltd.

Bangkok
13 February 2015

MAJOR CINEPLEX GROUP PUBLIC COMPANY LIMITED

CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

31 DECEMBER 2014

Major Cineplex Group Public Company Limited
Statements of Financial Position (Cont'd)
As at 31 December 2014

| | | Unit: Baht | | | | |
|---|--|--------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | Consolidated | | Company | | |
| Notes | | 2014 | 2013 | 2014 | 2013 | |
| Liabilities and shareholders' equity | | | | | | |
| Current liabilities | | | | | | |
| | Bank overdrafts and short-term borrowings from financial institutions | 21 | 2,235,000,000 | 2,238,928,172 | 2,185,000,000 | 1,545,703,160 |
| | Trade account and other payables | 20 | 1,899,355,247 | 1,736,382,154 | 1,306,239,599 | 1,218,515,977 |
| | Current portion of long-term borrowings | 21 | 115,558,437 | 203,846,510 | 40,170,261 | 40,264,935 |
| | Short-term loans from related parties | 36 | 25,000,000 | 25,000,000 | 973,923,627 | 610,514,424 |
| | Accrued income tax | | 112,914,011 | 37,982,207 | 59,485,610 | 17,103,698 |
| | Other current liabilities | 22 | 154,532,259 | 109,413,805 | 54,340,584 | 38,715,401 |
| | Total current liabilities | | 4,542,359,954 | 4,351,552,848 | 4,619,159,681 | 3,470,817,595 |
| Non-current liabilities | | | | | | |
| | Long-term borrowings from financial institutions | 21 | 2,187,673,968 | 2,351,861,649 | 1,840,945,481 | 1,881,137,363 |
| | Deferred income tax liabilities | 17 | 328,475,124 | 333,773,783 | 82,187,224 | 91,600,342 |
| | Employee benefit obligations | 23 | 25,656,872 | 22,919,045 | 18,057,635 | 16,006,045 |
| | Other non-current liabilities | 24 | 461,481,603 | 470,322,788 | 91,712,807 | 86,926,910 |
| | Total non-current liabilities | | 3,003,287,567 | 3,178,877,265 | 2,032,903,147 | 2,075,670,660 |
| | Total liabilities | | 7,545,647,521 | 7,530,430,113 | 6,652,062,828 | 5,546,488,255 |
| Shareholders' equity | | | | | | |
| | Share capital | 25 | | | | |
| | Authorized share capital | | | | | |
| | Ordinary shares, 896,266,347 shares (2013: 896,266,347 shares) at par value of Baht 1 each | | 896,266,347 | 896,266,347 | 896,266,347 | 896,266,347 |
| | Issued and fully paid-up share capital | | | | | |
| | Ordinary shares, 890,058,836 shares (2013: 887,576,343 shares) at paid-up of Baht 1 each | | 890,058,836 | 887,576,343 | 890,058,836 | 887,576,343 |
| | Share premium | 25 | 3,967,547,875 | 3,919,499,372 | 3,967,547,875 | 3,919,499,372 |
| | Warrants | | 17,248,773 | 21,441,823 | 15,067,176 | 20,989,867 |
| | Retained earnings | | | | | |
| | Appropriated | | | | | |
| | Legal reserve | 27 | 90,600,000 | 90,600,000 | 90,600,000 | 90,600,000 |
| | Unappropriated | | 1,020,528,716 | 822,278,811 | 873,622,362 | 1,058,809,437 |
| | Other components of shareholders' equity | | 344,830,307 | 361,581,619 | 693,275,084 | 698,489,468 |
| | Equity attributable to owners of the parent | | 6,330,814,507 | 6,102,977,968 | 6,530,171,333 | 6,675,964,487 |
| | Non-controlling interest | 28 | 55,961,314 | (3,649,732) | - | - |
| | Total shareholders' equity | | 6,386,775,821 | 6,099,328,236 | 6,530,171,333 | 6,675,964,487 |
| | Total liabilities and shareholders' equity | | 13,932,423,342 | 13,629,758,349 | 13,182,234,161 | 12,222,452,742 |

The accompanying notes on pages 12 to 77 are an integral part of these financial statements.

Major Cineplex Group Public Company Limited
Income Statements
For the year ended 31 December 2014

| | | Unit: Baht | | | |
|---|--------------|------------------------|------------------------|------------------------|------------------------|
| | | Consolidated | | Company | |
| | Notes | 2014 | 2013 | 2014 | 2013 |
| Revenues | 7 | | | | |
| Services income | | 6,571,532,264 | 6,078,085,829 | 3,896,659,231 | 3,575,187,909 |
| Sales | | 2,051,406,516 | 1,635,021,517 | 1,052,405,508 | 916,858,216 |
| Total revenues | | 8,622,938,780 | 7,713,107,346 | 4,949,064,739 | 4,492,046,125 |
| Costs | | | | | |
| Cost of providing services | | (4,427,002,522) | (4,115,908,837) | (2,887,876,576) | (2,667,962,354) |
| Cost of sales | | (1,047,931,516) | (895,139,818) | (316,046,076) | (280,506,546) |
| Total costs | | (5,474,934,038) | (5,011,048,655) | (3,203,922,652) | (2,948,468,900) |
| Gross profit | | 3,148,004,742 | 2,702,058,691 | 1,745,142,087 | 1,543,577,225 |
| Other operating income | 29 | 231,593,343 | 339,734,506 | 363,930,000 | 509,788,146 |
| Selling expenses | | (552,555,334) | (529,737,834) | (207,652,750) | (192,511,115) |
| Administrative expenses | | (1,511,166,894) | (1,251,543,821) | (887,565,323) | (776,010,555) |
| Finance costs | 31 | (172,938,743) | (149,013,467) | (160,560,139) | (121,822,387) |
| Share of profit of investments in associates and joint ventures | 13 | 198,971,436 | 189,156,607 | - | - |
| Profit before income tax | | 1,341,908,550 | 1,300,654,682 | 853,293,875 | 963,021,314 |
| Income tax | 32 | (270,809,331) | (276,313,524) | (150,451,855) | (170,768,275) |
| Profit for the year | | 1,071,099,219 | 1,024,341,158 | 702,842,020 | 792,253,039 |
| Attributable profit to: | | | | | |
| Shareholders of the parent | | 1,086,279,000 | 1,051,627,488 | 702,842,020 | 792,253,039 |
| Non-controlling interest | 28 | (15,179,781) | (27,286,330) | - | - |
| | | 1,071,099,219 | 1,024,341,158 | 702,842,020 | 792,253,039 |
| Earnings per share | 33 | | | | |
| Basic earnings per share | | 1.22 | 1.18 | 0.79 | 0.89 |
| Diluted earnings per share | | 1.22 | 1.18 | 0.79 | 0.89 |

The accompanying notes on pages 12 to 77 are an integral part of these financial statements.

Major Cineplex Group Public Company Limited
Statements of Comprehensive Income
For the year ended 31 December 2014

| | Notes | Unit: Baht | | | |
|---|-------|----------------------|----------------------|--------------------|----------------------|
| | | Consolidated | | Company | |
| | | 2014 | 2013 | 2014 | 2013 |
| Profit for the year | | 1,071,099,219 | 1,024,341,158 | 702,842,020 | 792,253,039 |
| Other comprehensive income (expense): | | | | | |
| Exchange differences on translating financial statements | | 770,899 | - | - | - |
| Gain on remeasuring of available-for-sale investments, net of income tax of Baht 1.30 million | 9 | (5,214,384) | 358,532,445 | (5,214,384) | 358,532,445 |
| Other comprehensive income for the year, net of income tax | | (4,443,485) | 358,532,445 | (5,214,384) | 358,532,445 |
| Total comprehensive income for the year | | <u>1,066,655,734</u> | <u>1,382,873,603</u> | <u>697,627,636</u> | <u>1,150,785,484</u> |
| Total comprehensive income attributable to: | | | | | |
| Shareholders of the parent | | 1,081,835,515 | 1,410,159,933 | 697,627,636 | 1,150,785,484 |
| Non-controlling interest | 28 | (15,179,781) | (27,286,330) | - | - |
| | | <u>1,066,655,734</u> | <u>1,382,873,603</u> | <u>697,627,636</u> | <u>1,150,785,484</u> |

The accompanying notes on pages 12 to 77 are an integral part of these financial statements.

Major Cineplex Group Public Company Limited
 Statements of Changes in Shareholders' Equity
 For the year ended 31 December 2014

Unit: Baht

| | Consolidated | | | | | | | | | | | | |
|---|--------------------------------------|----------------------|-------------------|-------------------|----------------------|--|---|--------------------------------------|-------------------------------|---------------------------------|----------------------------|--------------------------|----------------------------|
| | Attributable to owners of the parent | | | | | | | | | | | | |
| | Issued and paid-up share capital | Share premium | Warrants | Retained earnings | | Share premium - Treasury share (Note 25) | Change in parent's ownership interest in subsidiaries | Other comprehensive income (expense) | | Total other component of equity | Total owners of the parent | Non-controlling interest | Total shareholders' equity |
| | | | | Appropriated | Unappropriated | | | Translation of financial statements | Available-for-sale investment | | | | |
| | | | | Legal reserve | | | | | | | | | |
| Opening balance as at 1 January 2013 | 887,576,343 | 3,919,499,372 | 9,191,064 | 90,600,000 | 640,387,269 | 288,424,625 | (12,986,075) | - | 51,532,398 | 326,970,948 | 5,874,224,996 | 87,145,414 | 5,961,370,410 |
| Changes in equity for the year | | | | | | | | | | | | | |
| Warrants | - | - | 12,250,759 | - | - | - | - | - | - | - | 12,250,759 | - | 12,250,759 |
| Addition of investment in subsidiary by purchasing shares from non-controlling interest | - | - | - | - | - | (323,921,774) | - | - | (323,921,774) | (323,921,774) | (63,508,816) | (387,430,590) | |
| Dividends payment (Note 34) | - | - | - | (869,735,946) | - | - | - | - | - | (869,735,946) | - | (869,735,946) | |
| Total comprehensive income for the year | - | - | - | 1,051,627,488 | - | - | - | 358,532,445 | 358,532,445 | 1,410,159,933 | (27,286,330) | 1,382,873,603 | |
| Closing balance as at 31 December 2013 | <u>887,576,343</u> | <u>3,919,499,372</u> | <u>21,441,823</u> | <u>90,600,000</u> | <u>822,278,811</u> | <u>288,424,625</u> | <u>(336,907,849)</u> | <u>-</u> | <u>410,064,843</u> | <u>361,581,619</u> | <u>6,102,977,968</u> | <u>(3,649,732)</u> | <u>6,099,328,236</u> |
| Opening balance as at 1 January 2014 | 887,576,343 | 3,919,499,372 | 21,441,823 | 90,600,000 | 822,278,811 | 288,424,625 | (336,907,849) | - | 410,064,843 | 361,581,619 | 6,102,977,968 | (3,649,732) | 6,099,328,236 |
| Changes in equity for the year | | | | | | | | | | | | | |
| Proceeds from exercise of warrants (Note 25) | 2,482,493 | 48,048,503 | (13,422,691) | - | - | - | - | - | - | - | 37,108,305 | - | 37,108,305 |
| Warrants (Note 26) | - | - | 9,496,333 | - | - | - | - | - | - | - | 9,496,333 | - | 9,496,333 |
| Exercise of warrants in subsidiary (Note 28) | - | - | (266,692) | - | - | - | - | - | - | - | (266,692) | 1,050,761 | 784,069 |
| Acquisition of investment in subsidiary (Note 28) | - | - | - | - | - | - | - | - | - | - | - | 975,000 | 975,000 |
| Addition of investment in subsidiary from new registered shares (Note 13) | - | - | - | - | - | (12,307,827) | - | - | (12,307,827) | (12,307,827) | 72,765,066 | 60,457,239 | |
| Dividends payment (Note 34) | - | - | - | (888,029,095) | - | - | - | - | - | (888,029,095) | - | (888,029,095) | |
| Total comprehensive income for the year | - | - | - | 1,086,279,000 | - | - | 770,899 | (5,214,384) | (4,443,485) | 1,081,835,515 | (15,179,781) | 1,066,655,734 | |
| Closing balance as at 31 December 2014 | <u>890,058,836</u> | <u>3,967,547,875</u> | <u>17,248,773</u> | <u>90,600,000</u> | <u>1,020,528,716</u> | <u>288,424,625</u> | <u>(349,215,676)</u> | <u>770,899</u> | <u>404,850,459</u> | <u>344,830,307</u> | <u>6,330,814,507</u> | <u>55,961,314</u> | <u>6,386,775,821</u> |

The accompanying notes on pages 12 to 77 are an integral part of these financial statements.

Major Cineplex Group Public Company Limited

Statements of Changes in Shareholders' Equity

For the year ended 31 December 2014

| | Unit: Baht | | | | | | | | | | |
|---|----------------------------------|----------------------|-------------------|-------------------|----------------------|--|--------------------|--|--|---------------------------------|----------------------------|
| | Company | | | | | | | | | | |
| | Retained earnings | | | | | Other components of shareholders' equity | | | | | |
| | Issued and paid-up share capital | | Share premium | | Warrants | Legal reserve | Unappropriated | Share premium-Treasury share (Note 25) | Other comprehensive income (expense) Available-for-sale investment | Total other component of equity | Total shareholders' equity |
| Opening balance as at 1 January 2013 | 887,576,343 | 3,919,499,372 | 8,900,000 | 90,600,000 | 1,136,292,344 | 288,424,625 | 51,532,398 | 339,957,023 | 6,382,825,082 | | |
| Changes in equity for year | | | | | | | | | | | |
| Warrants | - | - | 12,089,867 | - | - | - | - | - | 12,089,867 | | |
| Dividends payment (Note 34) | - | - | - | - | (869,735,946) | - | - | - | (869,735,946) | | |
| Total comprehensive income for the year | - | - | - | - | 792,253,039 | - | 358,532,445 | 358,532,445 | 1,150,785,484 | | |
| Closing balance as at 31 December 2013 | <u>887,576,343</u> | <u>3,919,499,372</u> | <u>20,989,867</u> | <u>90,600,000</u> | <u>1,058,809,437</u> | <u>288,424,625</u> | <u>410,064,843</u> | <u>698,489,468</u> | <u>6,675,964,487</u> | | |
| Opening balance as at 1 January 2014 | 887,576,343 | 3,919,499,372 | 20,989,867 | 90,600,000 | 1,058,809,437 | 288,424,625 | 410,064,843 | 698,489,468 | 6,675,964,487 | | |
| Changes in equity for year | | | | | | | | | | | |
| Additional shares from exercise of warrants | 2,482,493 | 48,048,503 | (13,422,691) | - | - | - | - | - | 37,108,305 | | |
| Warrants (Note 26) | - | - | 7,500,000 | - | - | - | - | - | 7,500,000 | | |
| Dividends payment (Note 34) | - | - | - | - | (888,029,095) | - | - | - | (888,029,095) | | |
| Total comprehensive income for the year | - | - | - | - | 702,842,020 | - | (5,214,384) | (5,214,384) | 697,627,636 | | |
| Closing balance as at 31 December 2014 | <u>890,058,836</u> | <u>3,967,547,875</u> | <u>15,067,176</u> | <u>90,600,000</u> | <u>873,622,362</u> | <u>288,424,625</u> | <u>404,850,459</u> | <u>693,275,084</u> | <u>6,530,171,333</u> | | |

The accompanying notes on pages 12 to 77 are an integral part of these financial statements.

Major Cineplex Group Public Company Limited
Statements of Cash Flows
For the year ended 31 December 2014

| | | Unit: Baht | | | | |
|---|--|--------------|----------------------|------------------------|----------------------|----------------------|
| | | Consolidated | | Company | | |
| Notes | | 2014 | 2013 | 2014 | 2013 | |
| Cash flows from operating activities | | | | | | |
| | Cash generated from operations | 35 | 2,239,724,383 | 1,572,529,521 | 1,054,627,823 | 667,076,369 |
| | Interest paid | | (151,592,754) | (134,429,805) | (156,285,263) | (121,246,475) |
| | Income tax paid | | (222,446,213) | (403,309,017) | (116,179,466) | (258,248,087) |
| | Net cash generated from operating activities | | <u>1,865,685,416</u> | <u>1,034,790,699</u> | <u>782,163,094</u> | <u>287,581,807</u> |
| Cash flows from investing activities | | | | | | |
| | Short-term loans made to related parties | 36 | - | - | (1,092,210,734) | (1,084,050,228) |
| | Proceeds from settlements of short-term loans to related parties | 36 | - | - | 977,296,862 | 1,019,534,385 |
| | Long-term loans made to related parties | 36 | - | (910,750) | (115,000,000) | (410,886,000) |
| | Proceeds from settlements of long-term loans to related parties | 36 | 1,078,040 | 4,305,230 | 439,078,040 | 607,771,482 |
| | Loans made to third parties | | (100,000) | (701,475) | (100,000) | (701,475) |
| | Proceeds from loans to third parties | | 54,399 | 8,193,239 | 54,399 | 8,193,239 |
| | Payments for investment in subsidiaries | 13 | - | - | (990,962,100) | (389,429,888) |
| | Proceeds from acquisition of subsidiary, net of cash payment | 13 | 975,000 | - | - | - |
| | Proceeds from shares reduction of subsidiaries | 13 | - | - | - | 10,619,784 |
| | Payments for investment in associates | 13 | (109,312,955) | (526,839,775) | (109,312,955) | (526,839,775) |
| | Proceeds from disposals of investment in associates | 13 | 104,501,770 | 313,027,450 | 104,501,770 | 313,027,450 |
| | Payments for investment in joint ventures | 13 | (42,676,750) | (38,697,500) | (17,676,750) | (38,697,500) |
| | Proceeds from disposal of available-for sale investment | | 71,019,789 | - | 71,019,789 | - |
| | Purchases of property, plant and equipment | | (613,418,001) | (696,683,925) | (390,545,403) | (518,092,328) |
| | Proceeds from disposals of property, plant and equipment | | 10,926,155 | 3,216,905 | 1,397,295 | 1,197,584 |
| | Payments for intangible assets | | (306,065,524) | (419,739,809) | (15,426,272) | (17,043,978) |
| | Dividends received from and joint ventures associates | 13 | 131,257,210 | 135,658,232 | 131,255,230 | 135,658,232 |
| | Dividends received from long-term investments | | 3,323,461 | 1,296,070 | 3,323,461 | 1,296,070 |
| | Interest received | | 31,256,035 | 38,112,236 | 103,955,621 | 87,066,008 |
| | Net cash used in investing activities | | <u>(717,181,371)</u> | <u>(1,179,763,872)</u> | <u>(899,351,747)</u> | <u>(801,376,938)</u> |

The accompanying notes on pages 12 to 77 are an integral part of these financial statements.

Major Cineplex Group Public Company Limited
Statements of Cash Flows (Cont'd)
For the year ended 31 December 2014

| | Unit: Baht | | | |
|--|--------------|-------------|-------------|-------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Non-cash transactions | | | | |
| Significant non-cash transactions are as follows: | | | | |
| Investment in property, plant and equipment, not yet paid | 257,543,871 | 896,970,445 | 197,210,693 | 736,968,597 |
| Purchases of intangible assets, not yet paid | 2,134,277 | 6,787,678 | - | - |
| Purchases of equipment under finance leases | - | 474,745,715 | - | - |
| Disposal of property, plant and equipment, not yet received | 63,127 | 20,917,272 | - | - |
| Dividends paid, not yet paid | 62,094 | 38,530 | 62,094 | 38,530 |
| Offsetting amount due from related parties with long-term loan to related parties | 6,514 | 20,000 | - | 10,000,000 |
| Offsetting long-term loans to related parties with trade accounts payable related parties | - | - | - | 43,758,594 |
| Purchase of investment in subsidiary by share swap | - | - | - | 43,439,541 |
| Addition of warrants | - | 12,250,759 | - | 12,089,867 |
| Disposal of available-for-sale investment, not yet received | 11,586,625 | - | 11,586,625 | - |

The accompanying notes on pages 12 to 77 are an integral part of these financial statements.

1 General information

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

1839, 1839/1-6 Phaholyothin road, Ladyao, Jatujak, Bangkok 10900.

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

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

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

These consolidated and company financial statements were authorised for issue by the Board of Directors on 13 February 2015.

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 of 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 Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

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

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

An English version of the consolidated and 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 New financial reporting standards and revised financial reporting standards

- 1) Revised accounting standards which are effective on 1 January 2014 and are relevant to the Group:

| | |
|----------|-----------------------------|
| TFRIC 13 | Customer loyalty programmes |
|----------|-----------------------------|

TFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement, and the consideration received or receivable from the customer is allocated between the components of the arrangement using fair values. New accounting policy is described in Note 2.21 and the impact to the Group are described in Note 6.

- 2) New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the group and are not early adopted:

- a) Financial reporting standards, which are expected to have a significant impact to the Group:

| | |
|-------------------------|---|
| TAS 1 (revised 2014) | Presentation of financial statements |
| TAS 19 (revised 2014) | Employee benefits |
| TAS 27 (revised 2014) | Separate financial statements |
| TAS 28 (revised 2014) | Investments in associates and joint ventures |
| TAS 34 (revised 2014) | Interim financial reporting |
| TFRS 10 | Consolidated financial statements |
| TFRS 11 | Joint arrangements |
| TFRS 12 | Disclosure of interest in other entities |
| TFRIC 14 (revised 2014) | TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction |

TAS 1 (revised 2014), the main change is that a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

TAS 19 (revised 2014), the key changes are (a) actuarial gains and losses are renamed 'remeasurements' and will be recognised immediately in 'other comprehensive income' (OCI). Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss; and (b) past-service costs will be recognised in the period of a plan amendment; unvested benefits will no longer be spread over a future-service period. The Group is yet to assess the full impact of the amendments.

2 Accounting policies (Cont'd)

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

2) New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the group and are not early adopted: (Cont'd)

a) Financial reporting standards, which are expected to have a significant impact to the Group: (Cont'd)

TAS 27 (revised 2014) provide the requirements relating to separate financial statements.

TAS 28 (revised 2014) provide the requirements for investment in associates and joint ventures accounted by equity method.

TAS 34 (revised 2014), the key change is the disclosure requirements for operating segment. An entity shall disclose information of a measure of total assets and liabilities for a particular reportable segment if such amounts are regularly provided to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

TFRS 10 has a single definition of control and supersedes the principles of control and consolidation included within the original TAS 27, 'Consolidated and separate financial statements'. The standard sets out the requirements for when an entity should prepare consolidated financial statements, defines the principles of control, explains how to apply the principles of control and explains the accounting requirements for preparing consolidated financial statements. The key principle in the new standard is that control exists, and consolidation is required, only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. The Group is yet to assess the full impact of the amendments.

TFRS 11 defined that a joint arrangement is a contractual arrangement where at least two parties agree to share control over the activities of the arrangement. Unanimous consent toward decisions about relevant activities between the parties sharing control is a requirement in order to meet the definition of joint control. Joint arrangements can be joint operations or joint ventures. The classification is principle based and depends on the parties' exposure in relation to the arrangement. When the parties' exposure to the arrangement only extends to the net assets of the arrangement, the arrangement is a joint venture. Joint operations have rights to assets and obligations for liabilities. Joint operations account for their rights to assets and obligations for liabilities. Joint ventures account for their interest by using the equity method of accounting. The Group is yet to assess the full impact of the amendments.

TFRS 12 require entities to disclose information that helps readers of financial statements to evaluate the nature of risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The Group is yet to assess the full impact of the amendments.

TFRIC 14 (revised 2014), this interpretation applies to all post-employment defined benefits and other long-term employee benefits. For the purpose of this interpretation, minimum funding requirements are any requirements to fund a post-employment or other long-term benefit plan. This interpretation explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement.

2 Accounting policies (Cont'd)

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

2) New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the group and are not early adopted: (Cont'd)

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

| | |
|-------------------------|--|
| TAS 8 (revised 2014) | Accounting policies, changes in accounting estimates and errors |
| TAS 10 (revised 2014) | Events after the reporting period |
| TAS 11 (revised 2014) | Construction contract |
| TAS 23 (revised 2014) | Borrowing costs |
| TAS 26 (revised 2014) | Accounting and reporting by retirement benefit plans |
| TAS 29 (revised 2014) | Financial reporting in hyperinflationary economies |
| TAS 37 (revised 2014) | Provisions, contingent liabilities and contingent assets |
| TFRS 6 (revised 2014) | Exploration for and evaluation of mineral resources |
| TFRS 8 (revised 2014) | Operating segments |
| TSIC 10 (revised 2014) | Government assistance - No specific relation to operating activities |
| TSIC 15 (revised 2014) | Operating leases - Incentives |
| TSIC 25 (revised 2014) | Income taxes - changes in the tax status of an entity or its shareholders |
| TSIC 27 (revised 2014) | Evaluating the substance of transactions involving the legal form of a lease |
| TSIC 29 (revised 2014) | Service concession arrangements: Disclosures |
| TSIC 31 (revised 2014) | Revenue - barter transactions involving advertising services |
| TSIC 32 (revised 2014) | Intangible assets - Web site costs |
| TFRIC 15 (revised 2014) | Agreements for the construction of real estate |
| TFRIC 18 (revised 2014) | Transfers of assets from customers |

c) New financial reporting standard which is effective on 1 January 2016.

TFRS4 (revised 2014) Insurance contracts

TFRS 4 applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. TFRS 4 is not relevant to the Group's operations.

2.3 Group accounting - Investments in subsidiaries and associates and interests in joint ventures

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. The existence and effect of potential voting rights that are currently exercisable or convertible are fully considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They de-consolidated from the date that control ceases.

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

2 Accounting policies (Cont'd)

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

a) Subsidiaries (Cont'd)

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

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

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of the Group's principal subsidiaries and the financial effects of acquisitions and disposals of subsidiaries are shown in Note 13.

b) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate, unless it has incurred obligations or made payments on behalf of the associate.

2 Accounting policies (Cont'd)

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

c) 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 impairment loss (see Note 2.12 for the impairment of assets including goodwill).

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, 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. Dilution gains and losses arising in investments in associates are recognised in the income statement.

In the Company's separate financial statements, investments in associates are accounted for using the cost method of accounting.

A list of the Group's principal associates and the financial effects of acquisitions and disposals of associates are shown in Note 13.

d) Joint ventures

The Group's interests in jointly controlled entities are initially recorded at cost and accounted for by the equity method in the consolidated financial statements. The Group's share of its joint ventures' post-acquisition profits or losses is recognised in the consolidated income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the interest in joint ventures. When the Group's share of losses in joint ventures equal or exceed its interest in joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

In the Company's separate financial statements, interest in jointly controlled entities are accounted for using the cost method.

A list of the Group's joint ventures and the financial effects of the acquisitions and disposals of joint ventures are shown in Note 13.

2 Accounting policies (Cont'd)

2.4 Foreign currency translation

a) Functional and presentation currency

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

b) Transactions and balances

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

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

c) Group companies

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

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

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

2.5 Cash and cash equivalents

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

2.6 Trade accounts receivable

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

2 Accounting policies (Cont'd)

2.7 Inventories and films under production

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

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

Films under production are costs of films under production which will be recognised as cost of films upon the sale or release of the films, basing on the future revenue expected from various channels. Costs of films comprise costs directly attributable to films production and are stated at cost.

2.8 Investments

Investments other than investments in subsidiaries, associates and interests in joint ventures are available-for-sale investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

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

Available for sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the National Stock Exchange of India Limited. The unrealised gains and losses of available for sale investments are recognised in equity.

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

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

2 Accounting policies (Cont'd)

2.9 Property, plant and equipment

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

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

2.10 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position.

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

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

2.11 Other intangible assets

Film rights

Film rights are capitalised at the purchase price including costs directly attributable to the acquisition of rights. Film rights are amortised and charged to direct costs of exhibition, VCD and DVD and TV broadcasting at the ratio relating to the expected 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 in the income statement immediately.

2 Accounting policies (Cont'd)

2.11 Other intangible assets (Cont'd)

Computer software

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

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

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

2.12 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Assets other than goodwill that suffered an impairment are reversed for possible impairment loss of the estimation of the recoverable amount were changed in subsequent period after the Group's recognition of impairment.

2.13 Leases

Leases - where the Group is the lessee

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

The Group leases certain building and equipment. Leases of building or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

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

2 Accounting policies (Cont'd)

2.13 Leases (Cont'd)

Leases - where the Group is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Initial direct costs are included in initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

Assets leased out under operating leases are multi-purpose property, the significant portions are owner-occupied property held for use in the supply of goods and services, therefore are included in building and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar building and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.14 Borrowings

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

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

2.15 Current and deferred income taxes

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

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

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

2 Accounting policies (Cont'd)

2.15 Current and deferred income taxes (Cont'd)

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

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

2.16 Employee benefits

Employee benefits obligations

Group companies operate various employee benefit schemes. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit obligations is the present value of the defined benefit obligation at the end of the reporting period with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated every three years by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income statement in the period in which they arise.

Past-service costs are recognised immediately in income statement, unless the changes to the retirement plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays contributions to trustee-administered fund on a contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 Accounting policies (Cont'd)

2.17 Share-based payment

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (warrant) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement for employees to stay).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions for goods returns in related to VCDs and DVDs is estimated based on historical experience and other relevant market factors. Provision for goods returns are provided for the sales profit margins and presented netting this of sales.

The Company sets aside the provision for bonus point redemption based on consideration of historical redemption rate and bonus point outstanding balance on the financial position date.

2 Accounting policies (Cont'd)

2.19 Share capital

Ordinary shares are classified as equity.

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

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

2.20 Revenue recognition

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

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services net of output tax, rebates and discounts, and after eliminating sales within the Group for the consolidated financial statements.

Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from providing services is recognised when the services are rendered.

Where royalties from film rights or film production are charged at fixed amounts for which the licensee cannot be refunded and the licensor has no further obligations subsequent to granting of the rights, the royalties are recognised as income in full when the licensee is entitled to exploit the rights under the terms of the agreement.

Revenue from advertising is recognised when the media are appeared.

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

Deferred revenue from leases and services are recognised when services are rendered.

Other revenues are recognised on the following basis:

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

2.21 Customer loyalty programmes

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

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

2 Accounting policies (Cont'd)

2.21 Customer loyalty programmes (Cont'd)

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

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

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

2.22 Dividend payment

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

2.23 Segment reporting

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

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

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

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

3.1.1 Foreign exchange risk

The Group has no significant exposure to foreign currency risk relates due to its accounts receivable and accounts payable are mainly made in Thai Baht. The group has foreign exchange transaction from purchase of film rights mainly dominated in various currencies, primarily with respect to USD. The Group does not use any derivative financial instruments to hedge foreign currency exposure.

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.2 Interest rate risk

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

3.1.3 Credit risk

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

3.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

3.2 Fair value

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

4 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

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

a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.12. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations or fair value less cost to sell as appropriate. These calculations require the use of estimates (Note 15).

If the estimated cost of capital used in determining the pre-tax discount rate applied to the discounted cash flows had been 1% higher than management's estimates (for example, 9.0% instead of 8.0%), goodwill for all business would have not been impaired. In the preparation of forecast financial statement; however, management based on the past operating result and the expected growth in the industry, the growth rate is consistent with the past actual result. The base case is considered as the appropriate base in evaluation of goodwill.

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

4.1 Critical accounting estimates and assumptions (Cont'd)

b) Impairment of receivables

The Group maintains an allowance for doubtful accounts to reflect impairment of trade receivables relating to estimated losses resulting from the inability of customers to make required payments. The allowance for doubtful accounts is significantly impacted by the Group's assessment of future cash flows, such assessment being based on consideration of historical collection experience, known and identified instances of default and consideration of market trends.

c) Allowance for obsolete, slow-moving and defective inventories

The Group has made allowance, where necessary, for obsolete, slow moving and defective inventories by estimating the net realisable value was calculated from the selling price in the ordinary course of business, less the cost of completion and selling expenses. Furthermore, the calculation of the net realisable estimation was based on historical experience, management's knowledge of the industry and future market trends.

d) Provision for goods returns

The management has estimated the provision for goods returns in relation to VCDs and DVDs. The percentage of goods returned is estimated based on historical information, experiences and existing business models.

e) Valuation of movies under production

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

f) Employee benefit obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 23.

g) Provision for customers loyalty program

The Company sets aside the provision for bonus point redemption based on consideration of historical redemption rate and bonus point outstanding balance on the date of statement of financial position.

5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

6 Change in accounting policies and reclassifications

As described in Note 3, the Group has adopted TFRIC 13 "Customer loyalty programmes", effective on 1 January 2014, and has accounted for the adoption retrospectively in accordance with the accounting standard.

The Group had recorded unearned income - customer loyalty programmes with fair value since 1 January 2011, and the Group recorded such transactions as a liabilities and charging to selling expense. The recording of this transaction according to TFRIC 13 should increase liabilities and reduce sales. Therefore, the adoption of the new accounting policy as mentioned above only effect to the income statement for the year ended 31 December 2013 as follows:

| | Unit: Baht | | | | | |
|---------------------------|-----------------------------|--------------------|-----------------|-----------------------------|--------------------|-----------------|
| | Consolidated | | | Company | | |
| | As previously stated | Adjustments | Restated | As previously stated | Adjustments | Restated |
| Services income increase | 6,075,747,301 | 2,338,528 | 6,078,085,829 | 3,572,849,381 | 2,338,528 | 3,575,187,909 |
| Sales increase | 1,634,790,045 | 231,472 | 1,635,021,517 | 916,626,744 | 231,472 | 916,858,216 |
| Selling expenses increase | 527,167,834 | 2,570,000 | 529,737,834 | 189,941,115 | 2,570,000 | 192,511,115 |

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7 Segment information

Financial information by business segment is follows:

| | Consolidated | | | | | Unit: Million Baht |
|--|----------------------------|---------------------------------|---|---|-----------------------------------|---------------------------|
| For the year ended 31 December 2014 | Cinema business | Advertising business | Bowling and Karaoke business | Rental and services business | Movie content business | Total |
| Revenues | | | | | | |
| - Gross segment revenues | 6,395 | 892 | 611 | 629 | 897 | 9,424 |
| - Inter segment revenues | (437) | - | (70) | (109) | (185) | (801) |
| Net revenues | <u>5,958</u> | <u>892</u> | <u>541</u> | <u>520</u> | <u>712</u> | <u>8,623</u> |
| Segment results | <u>836</u> | <u>641</u> | <u>31</u> | <u>54</u> | <u>(247)</u> | 1,315 |
| Compensation income | | | | | | 10 |
| Gain on disposal of investment | | | | | | 108 |
| Unallocated income | | | | | | <u>(117)</u> |
| Operating profit | | | | | | 1,316 |
| Finance costs | | | | | | 199 |
| Share of profit of associates and joint ventures | | | | | | <u>(173)</u> |
| Profit before income tax | | | | | | 1,342 |
| Income tax | | | | | | <u>(271)</u> |
| Net profit | | | | | | <u>1,071</u> |
| Segment fixed assets | 4,713 | 39 | 747 | 1,213 | 18 | 6,730 |
| Investments in associates and interest in joint ventures | | | | | | 2,638 |
| Unallocated assets | | | | | | <u>4,564</u> |
| Consolidated total assets | | | | | | <u>13,932</u> |

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7 Segment information (Cont'd)

Unit: Million Baht

| | Consolidated | | | | | Total |
|--|------------------------|-----------------------------|-------------------------------------|-------------------------------------|-------------------------------|--------------|
| | Cinema business | Advertising business | Bowling and Karaoke business | Rental and services business | Movie content business | |
| For the year ended 31 December 2013 | | | | | | |
| Revenues | | | | | | |
| - Gross segment revenues | 5,793 | 789 | 562 | 589 | 770 | 8,503 |
| - Inter segment revenues | (339) | (1) | (72) | (108) | (270) | (790) |
| Net revenues | 5,454 | 788 | 490 | 481 | 500 | 7,713 |
| Segment results | 794 | 569 | 46 | 31 | (295) | 1,145 |
| Compensation income | | | | | | 13 |
| Gain on disposal of investment | | | | | | 221 |
| Unallocated income | | | | | | (119) |
| Operating profit | | | | | | 1,260 |
| Finance costs | | | | | | (149) |
| Share of profit of associates and joint ventures | | | | | | 189 |
| Profit before income tax | | | | | | 1,300 |
| Income tax | | | | | | (276) |
| Net profit | | | | | | 1,024 |
| Segment fixed assets | 4,521 | 54 | 796 | 1,307 | 18 | 6,696 |
| Investments in associates and interest in joint ventures | | | | | | 2,469 |
| Unallocated assets | | | | | | 4,465 |
| Consolidated total assets | | | | | | 13,630 |

7 Segment information (Cont'd)

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

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

8 Cash and cash equivalents

| | Unit: Baht | | | |
|----------------------------------|---------------------|--------------------|--------------------|--------------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Cash on hand | 63,937,456 | 38,613,426 | 54,355,917 | 30,025,415 |
| Deposits held at call with banks | 513,312,221 | 457,068,263 | 332,648,419 | 364,299,880 |
| Cash and cash equivalents | <u>577,249,677</u> | <u>495,681,689</u> | <u>387,004,336</u> | <u>394,325,295</u> |

The effective interest rates on short-term bank deposit are ranging from 0.05% to 0.75% per annum (2013: 0.10% to 2.25% per annum).

9 Available-for-sale investment

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

| | Unit: Baht | |
|-------------------------------------|---------------------------------|--------------------|
| | Consolidated and Company | |
| | 2014 | 2013 |
| Opening book value | 820,571,703 | 372,406,147 |
| Disposal at cost | (28,546,650) | - |
| Realised gain | (54,059,764) | - |
| Change in fair value of investments | 47,541,784 | 448,165,556 |
| Closing book value | <u>785,507,073</u> | <u>820,571,703</u> |

The fair values of the investments are as follows:

| | Unit: Baht | |
|-----------------|---------------------------------|--------------------|
| | Consolidated and Company | |
| | 2014 | 2013 |
| Cost | 279,444,000 | 307,990,650 |
| Unrealised gain | 506,063,073 | 512,581,053 |
| Fair value | <u>785,507,073</u> | <u>820,571,703</u> |

During the year ended 31 December 2014, the Company disposed available-for-sale investment of 0.24 million shares for the consideration of Baht 82.61 million and recognized gain on disposal of investment amounting to Baht 54.06 million, which included in "Other income" in the consolidated and company income statement.

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10 Trade account and other receivables

| | Unit: Baht | | | |
|--|----------------------|----------------------|--------------------|--------------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Third parties | | | | |
| - Trade accounts receivable | 618,133,352 | 773,228,671 | 46,858,851 | 150,520,060 |
| - Unbilled revenue | 308,273,258 | 154,373,471 | 73,473,059 | 13,718,332 |
| Total | 926,406,610 | 927,602,142 | 120,331,910 | 164,238,392 |
| <u>Less</u> Allowance for doubtful accounts | (17,383,427) | (52,600,177) | - | - |
| Trade accounts receivable - Third parties, net | 909,023,183 | 875,001,965 | 120,331,910 | 164,238,392 |
| Trade accounts receivable | | | | |
| - Related parties (Note 36) | 39,719,767 | 33,055,941 | 95,986,421 | 100,585,964 |
| Amounts due from related parties (Note 36) | 193,657,016 | 73,415,497 | 223,397,019 | 253,805,874 |
| Other accounts receivable | 89,002,000 | 117,689,640 | 100,753,846 | 86,195,151 |
| Prepaid expenses | 75,495,690 | 59,884,749 | 46,009,643 | 43,576,865 |
| Trade account and other receivables | <u>1,306,897,656</u> | <u>1,159,047,792</u> | <u>586,478,839</u> | <u>648,402,246</u> |

Outstanding trade accounts receivable as at 31 December can be analysed according to ages as follows:

| | Unit: Baht | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Third parties | | | | |
| Unbilled revenue | 308,273,258 | 154,373,471 | 73,473,058 | 13,718,332 |
| Trade accounts receivable | | | | |
| Current | 305,735,907 | 341,661,124 | 32,593,283 | 89,196,843 |
| Overdue less than 3 months | 212,110,163 | 237,080,251 | 12,476,753 | 47,055,641 |
| 3 - 6 months | 40,478,682 | 49,686,876 | 219,968 | 4,464,700 |
| 6 - 12 months | 34,760,171 | 60,678,935 | 775,351 | 8,895,159 |
| Over 12 months | 25,048,429 | 84,121,485 | 793,497 | 907,717 |
| Total | 926,406,610 | 927,602,142 | 120,331,910 | 164,238,392 |
| <u>Less</u> Allowance for doubtful accounts | (17,383,427) | (52,600,177) | - | - |
| Trade accounts receivable - third parties, net | <u>909,023,183</u> | <u>875,001,965</u> | <u>120,331,910</u> | <u>164,238,392</u> |

| | Unit: Baht | | | |
|--|-------------------|-------------------|-------------------|--------------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Related parties | | | | |
| Unbilled revenue | 196,664 | 358,672 | 4,521,385 | 90,560 |
| Trade accounts receivable | | | | |
| Current | 10,178,823 | 3,316,043 | 23,668,194 | 70,151,171 |
| Overdue less than 3 months | 5,575,336 | 3,555,610 | 67,165,009 | 25,059,705 |
| 3 - 6 months | 236,065 | 12,713,387 | 610,433 | 4,993,260 |
| 6 - 12 months | - | - | - | 97,648 |
| Over 12 months | 23,532,879 | 13,112,229 | 21,400 | 193,620 |
| Total | 39,719,767 | 33,055,941 | 95,986,421 | 100,585,964 |
| <u>Less</u> Allowance for doubtful accounts | - | - | - | - |
| Trade accounts receivable - related parties, net | <u>39,719,767</u> | <u>33,055,941</u> | <u>95,986,421</u> | <u>100,585,964</u> |

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11 Inventories

| | Unit: Baht | | | |
|-------------------------------|---------------------|--------------------|-------------------|-------------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Foods and beverages | 66,427,981 | 69,267,049 | 46,158,262 | 51,039,170 |
| VCD and DVD, net of allowance | 77,828,273 | 82,359,982 | - | - |
| Supplies and others | 10,193,033 | 21,359,087 | 9,724,134 | 7,320,453 |
| Goods in transit | - | 1,921,927 | - | - |
| Inventories, net | 154,449,287 | 174,908,045 | 55,882,396 | 58,359,623 |

Cost of inventory was recognised as an expense and included in cost amounting to Baht 503.38 million and Baht 306.66 million in the consolidated and company income statements, respectively (2013: Baht 429.78 million and Baht 280.49).

The Group recorded loss from obsolescence and allowance for diminution in value to inventories in the consolidated income statement for the year ended 31 December 2014 amounting to Baht 0.28 million (2013: Reversal Baht 12.86 million).

12 Other current assets

| | Unit: Baht | | | |
|-------------------------------------|---------------------|--------------------|-------------------|-------------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Value added tax receivable | 111,314,266 | 158,962,592 | 29,056,377 | 53,116,646 |
| Withholding tax deducted at sources | 50,352,721 | 28,582,099 | - | - |
| Others | 19,457,770 | 24,445,275 | 7,009,040 | 7,014,080 |
| | 181,124,757 | 211,989,966 | 36,065,417 | 60,130,726 |

13 Investments in subsidiaries and associates and interests in joint ventures

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

Investment in subsidiaries

| | Unit: Baht | |
|--|----------------------|----------------------|
| | Company | |
| | 2014 | 2013 |
| Investment in subsidiaries | 3,735,412,032 | 2,744,449,932 |
| <u>Less</u> Allowance for impairment | <u>(3,000,000)</u> | <u>(3,000,000)</u> |
| Investment in subsidiaries, net | 3,732,412,032 | 2,741,449,932 |

For the years ended 31 December

| | | |
|--------------------------------|----------------------|----------------------|
| Opening net book amount | 2,741,449,932 | 2,351,200,286 |
| Acquisitions | 990,962,100 | 432,869,430 |
| Disposals | - | (32,000,000) |
| Share reduction | - | (10,619,784) |
| Closing net book amount | 3,732,412,032 | 2,741,449,932 |

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

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

Investment in subsidiaries (Cont'd)

Addition of investment in subsidiaries

Major Platinum Cineplex Cambodia Co., Ltd (Major Platinum)

On 13 June 2014, Major Holding International Co., Ltd. (Subsidiary) has purchased 70.00% of shares in Major Platinum Cineplex Cambodia Co., Ltd, a service provider for cinema services and bowling in Cambodia, totalling Baht 2.28 million.

M Picture Entertainment Public Company Limited (“MPIC”)

On 3 September 2014, the Company made an additional investment in MPIC of 601.07 million shares with price of Baht 1.50 per share for a total of consideration of Baht 901.60 million to maintain the percentage of ownership interest. The minorities partially invested in MPIC; as a result, the shareholding percentage has been changed from 91.37% to 92.49%. The difference between consideration paid and amount of non-controlling interests of Baht 12.31 million was recognised as “Changes in parent’s ownership interest in subsidiaries” in the consolidated shareholders’ equity.

During the year ended 31 December 2013, the Company made an additional investment in MPIC of 165.89 million shares for a total of consideration of Baht 426.87 million. Consideration paid included cash payment of Baht 383.43 million (mainly through tender offer) and exchange of ordinary shares of subsidiary “TLO” and joint venture “MKB” totalling amount Baht 43.44 million. The acquisition resulted in the change in shareholding percentage from 67.86% to 91.37%. The difference between consideration paid and amount of non-controlling interests of Baht 318.71 million was recognised as “Changes in parent’s ownership interest in subsidiaries” in the consolidated shareholders’ equity.

On 3 October 2013, MPIC made additional investment in Subsidiary TLO of 0.04 million shares totalling Baht 4.00 million. The acquisition resulted in the change in shareholding percentage from 80.00% to 90.00%. The difference from additional investment of Baht 5.21 million was recognised as “Change in parents’ ownership interest in subsidiaries” presented under shareholders’ equity.

Major Holding International Co., Ltd. (“MHD”)

On 16 September 2014, the Company made an additional investment in MHD of 1.49 million shares with price of Baht 60 per share for a total of consideration of Baht 89.36 million to maintain the percentage of ownership interest.

On 8 January 2013, the Company purchased 99.96% of shares in MHD, a holding company, totalling Baht 1.00 million.

Digital Projector Management Co., Ltd. (“DPM”)

On 3 May 2013, the Company purchased 99.99% of shares in DPM, a service provider for projector and system management, totalling Baht 5.00 million.

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

- a) **Movements of investments in subsidiaries and associates and interests in joint ventures are as follows:**
(Cont'd)

Investment in subsidiaries (Cont'd)

Disposal of investment in subsidiaries

Talent One Co., Ltd. ("TLO")

During the year ended 31 December 2013, the Company exchanged 0.32 million ordinary shares of TLO with 7.04 million ordinary shares of MPIC. Loss from the share swap of Baht 13.55 million was recognised as "Other income" in the company income statements. The discount, which is a difference between the consideration paid and amount of non-controlling interests of Baht 1.11 million was recognised as "Changes in parent's ownership interest in subsidiaries" under shareholder's equity in the consolidated financial statements.

Share reduction of subsidiaries

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

On 2 January 2013, the shareholders of CMC have approved to decrease the registered share capital from par value of Baht 25 per share to Baht 7 per share for 200,000 shares, totalling Baht 3.60 million.

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

On 2 January 2013, the shareholders of UDF have approved to decrease the registered share capital from par value of Baht 25 per share to Baht 7 per share for 390,000 shares, totalling Baht 7.02 million.

Investment in associates

| | Unit: Baht | | | |
|-------------------------|----------------------|----------------------|----------------------|----------------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Opening net book amount | 2,212,868,495 | 1,714,929,163 | 2,168,239,563 | 1,716,422,344 |
| Acquisitions | 109,312,955 | 526,839,775 | 109,312,955 | 526,839,775 |
| Disposals | (50,190,101) | (91,545,034) | (44,461,250) | (75,022,556) |
| Dividend received | (131,255,230) | (128,908,248) | - | - |
| Share of result | 203,243,953 | 191,552,839 | - | - |
| Closing net book amount | <u>2,343,980,072</u> | <u>2,212,868,495</u> | <u>2,233,091,268</u> | <u>2,168,239,563</u> |

The Group's intercompany gain on disposals of assets to Major Cineplex Lifestyle Leasehold Property Fund is realised on the straight-line basis over the lease contracts periods of the buildings leased out to the Property Fund. During 2014, the Group realised gain on disposal in the consolidated income statement of Baht 16.32 million (2013: Baht 16.32 million).

As at 31 December 2014, investment in associates included net book goodwill of Baht 44.12 million (2013: Baht 44.12 million) in the consolidated financial statements. During the year ended 31 December 2014, the Company received dividends income from associates amounting to Baht 131.26 million, which was recognised in "Other income" in the company income statement and recognised in "Investment in associates" in the consolidated statement of financial position.

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

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

Investment in associates (Cont'd)

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

| | <u>Assets Baht</u> | <u>Liabilities Baht</u> | <u>Revenues Baht</u> | <u>Profit (loss) Baht</u> | <u>% Ownership interest</u> |
|--|------------------------|-----------------------------|------------------------------|-------------------------------|---------------------------------|
| Year ended 31 December 2014 | | | | | |
| <u>Associates</u> | | | | | |
| Siam Future Development Public Company Limited | 2,062,906,042 | 901,614,550 | 332,914,045 | 60,662,480 | 23.89 |
| Ratchayothin Avenue Company Limited | 348,245,599 | 172,035,932 | 28,287,022 | 5,664,148 | 50.00 |
| | | | Indirect shareholding via SF | | 11.95 |
| Major Cineplex Lifestyle Leasehold Property Fund | 1,355,857,850 | 36,842,751 | 155,424,554 | 124,667,487 | 33.00 |
| Thaiticketmajor Company Limited | 139,175,584 | 122,394,693 | 87,309,413 | 12,249,837 | 40.00 |
| Year ended 31 December 2013 | | | | | |
| <u>Associates</u> | | | | | |
| Siam Future Development Public Company Limited | 1,991,605,412 | 944,480,076 | 324,094,030 | 38,074,999 | 23.72 |
| Ratchayothin Avenue Company Limited | 351,061,686 | 178,206,004 | 29,106,661 | 5,352,046 | 50.00 |
| | | | Indirect shareholding via SF | | 11.86 |
| Major Cineplex Lifestyle Leasehold Property Fund | 1,352,231,079 | 37,910,281 | 152,733,656 | 126,384,240 | 33.00 |
| Thaiticketmajor Company Limited | 102,368,385 | 76,384,276 | 100,845,796 | 21,741,554 | 40.00 |

Ratchayothin Avenue Company Limited is controlled by Siam Future Development Public Company Limited ("SF").

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

- a) **Movements of investments in subsidiaries and associates and interests in joint venture are as follows:**
(Cont'd)

Investment in associates (Cont'd)

Siam Future Development Public Company Limited (“SF”)

Addition of investment in associate

During the year ended 31 December 2014, the Company made additional investment in SF of 56.63 million shares totalling Baht 109.31 million.

During the year ended 31 December 2013, the Company made additional investment in SF of 102.97 million shares totalling Baht 526.84 million.

Disposal of investment in associate

During the year ended 31 December 2014, the Company disposed investment in SF of 15.08 million shares for the considerations of Baht 104.50 million and recognised gain on disposal of investment amounting to Baht 54.31 million, and Baht 60.04 million, which included in “Other income” in the consolidated and company income statements, respectively.

The aforesaid change of investment resulted in addition of shareholding percentage from 23.72% to 23.89%.

During the year ended 31 December 2013, the Company disposed investment in SF of 30.52 million shares for the considerations of Baht 313.02 million and recognised gain on disposal of investment amounting to Baht 221.48 million, and Baht 238.00 million, which included in “Other income” in the consolidated and company income statements, respectively.

The aforesaid change of investment resulted in addition of shareholding percentage from 20.49% to 23.72%.

Interest in joint ventures

| | Unit: Baht | | | |
|--|---------------------|--------------------|--------------------|--------------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Opening book amount | 255,757,329 | 235,204,047 | 237,490,575 | 216,793,035 |
| Additional investment | 42,676,750 | 38,697,500 | 17,676,750 | 38,697,500 |
| Additional investment in joint venture under control of a subsidiary | - | 28,229,350 | - | - |
| Disposal | - | (28,229,350) | - | (17,999,960) |
| Dividend income | (1,980) | (15,747,986) | - | - |
| Share of result | (4,272,517) | (2,396,232) | - | - |
| Closing book amount | <u>294,159,582</u> | <u>255,757,329</u> | <u>255,167,325</u> | <u>237,490,575</u> |

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

- a) **Movements of investments in subsidiaries and associates and interests in joint venture are as follows:**
(Cont'd)

Interest in joint ventures (Cont'd)

The Group's share of results of its joint ventures and its share of the assets, liabilities, revenue and expenses are as follows:

| | Unit: Baht | |
|---|---------------------|--------------------|
| | Consolidated | |
| | 2014 | 2013 |
| Non-current assets | 233,779,734 | 280,466,623 |
| Current assets | 187,856,117 | 109,390,462 |
| Total assets | <u>421,635,851</u> | <u>389,857,085</u> |
| Non-current liabilities | 16,241,718 | 30,764,700 |
| Current liabilities | 158,572,496 | 130,254,828 |
| Total liabilities | <u>174,814,214</u> | <u>161,019,528</u> |
| Net assets | <u>246,821,637</u> | <u>228,837,557</u> |
| Revenue | 274,222,285 | 206,258,459 |
| Expenses | 278,961,727 | 207,120,383 |
| Proportionate interest in joint venture commitments | Nil | Nil |

There are no contingent liabilities relating to the Group's interest in the joint ventures.

Additional of investment in joint ventures

Transformation Film Co., Ltd.

On 22 August 2014, MPIC (subsidiary) has purchased an investment in Transformation Film Co., Ltd. of 500,000 shares totalling Baht 25 million. This investment is considered as joint venture with the indirect holding percentage by the Group 26.42%. The Group applied equity accounting method for record investment in joint venture in consolidated financial information.

PVR Bluo Entertainment Co., Ltd. ("PVR blu-O")

On 15 October 2014, the Company paid for a share subscriber in PVR blu-O of Rupee 31.85 million, equivalents to Baht 17.68 million to retain the percentage of shareholding at 49%.

On 15 May 2013, the Company paid for a share subscriber in PVR blu-O of Rupee 67.30 million, equivalents to Baht 38.70 million to retain the percentage of shareholding at 49%.

Disposal of investment in joint venture

Major Kantana Broadcasting Company Limited ("MKB")

During the year ended 31 December 2013, the Company exchanged 1.80 million ordinary shares of MKB with 9.54 million ordinary shares of MPIC. Gain from the share swap of Baht 7.00 million was recognised as "Other income" in the company income statements. The discount, which is a difference between the consideration paid and amount of non-controlling interests of Baht 7.02 million was recognised as "Changes in parent's ownership interest in subsidiaries" under Shareholder's equity in the consolidated shareholders' equity.

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

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

| Subsidiaries | Nature of business | Nature of relationship | % Ownership interest | |
|---|--|------------------------|----------------------|-------|
| | | | 2014 | 2013 |
| 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 | 99.99 | 99.99 |
| Ratchayothin Cinema Co., Ltd. | Land and building space for rent | Shareholder | 99.99 | 99.99 |
| Ratchayothin Realty Co., Ltd. | Building space for rent | Shareholder | 99.99 | 99.99 |
| Major Bowl Group Co., Ltd. | Bowling, Karaoke and 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 | 99.93 | 99.93 |
| Udon Five Star Cineplex Co., Ltd. | Cinema services | Shareholder | 99.99 | 99.99 |
| Siam Cineplex Co., Ltd. | Cinema services | Shareholder | 99.99 | 99.99 |
| EGV Entertainment Public Company Limited | Cinema services, advertising services, and area for rent | Shareholder | 99.98 | 99.98 |
| M Picture Entertainment Public Company Limited ("MPIC") | Publishing, advertising and distribution of film rights | Shareholder | 92.49 | 91.37 |
| Major Holding International Co., Ltd. | Holding business | Shareholder | 99.96 | 99.96 |
| Digital Projector Management Co., Ltd. | Projector rental and system management | Shareholder | 99.99 | 99.99 |
| Subsidiaries under EGV | | | | |
| Entertain Golden Village Exhibition Co., Ltd. | Cinema services | Indirect shareholding | 99.96 | 99.96 |
| EGV Exhibition Co., Ltd. | Cinema services | Indirect shareholding | 99.96 | 99.96 |
| EGV Five Star Co., Ltd. | Cinema services | Indirect shareholding | 99.96 | 99.96 |
| Subsidiaries under MPIC | | | | |
| TV Forum Co., Ltd. | Television media business | Indirect shareholding | 92.49 | 91.37 |
| M Picture Co., Ltd. | Distribution of film rights for cinema services, VCD/DVD production and TV broadcast | Indirect shareholding | 92.49 | 91.37 |
| M.V.D. Co., Ltd. | Distribution of VCD/DVD, Blu-ray and film rights | Indirect shareholding | 92.49 | 91.37 |
| M Thirtynine Co., Ltd. | Film production | Indirect shareholding | 92.49 | 91.37 |
| Talent One Co., Ltd. ("TLO") | Film production | Indirect shareholding | 83.24 | 82.23 |

Major Cineplex Group Public Company Limited
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13 Investments in subsidiaries and associates and interests in joint ventures (Cont'd)

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

| Subsidiaries | Nature of business | Nature of relationship | % Ownership interest | |
|---|---|------------------------------|----------------------|-------|
| | | | 2014 | 2013 |
| Subsidiary under MVD | | | | |
| Pacific Media Sale Co., Ltd. | Distribution of CD, VCD and DVD | Indirect shareholding | 91.93 | 90.82 |
| Subsidiaries under MHD | | | | |
| Major Platinum Cineplex (Cambodia) Co., Ltd. ("Major Platinum") | Cinema and bowling services | Indirect shareholding | 69.97 | - |
| Associates | | | | |
| Siam Future Development Public Company Limited ("SF") | Rental of building space and utilities services | Shareholder | 23.89 | 23.72 |
| Ratchayothin Avenue Co., Ltd. | Rental of building space and utilities services | Shareholder | 50.00 | 50.00 |
| | | Indirect shareholding via SF | 11.95 | 11.86 |
| Major Cineplex Lifestyle Leasehold Property Fund | Rental of building and utilities services | Shareholder | 33.00 | 33.00 |
| Thaiticketmajor Co., Ltd. | Agent for selling of tickets | Shareholder | 40.00 | 40.00 |
| Joint ventures | | | | |
| PVR blu-O Entertainment Limited ("PVR blu-O") | Bowling, Karaoke and entertainment | Shareholder | 49.00 | 49.00 |
| K Arena Co.,Ltd. | Karaoke services | Shareholder | 50.00 | 50.00 |
| Joint venture under MPIC | | | | |
| Major Kantana Broadcasting Company Limited ("MKB") | Satellite broadcasting and distribution of film rights | Indirect shareholder | 41.61 | 41.11 |
| Transformation Film Co., Ltd. | Film production, advertising, television programmes service provided for all forms of entertainment | Indirect shareholding | 26.42 | - |

All subsidiaries, associates and joint ventures are incorporated in Thailand except PVR blu-O and Major Platinum which is incorporated in India and Cambodia respectively. All holdings are investments in ordinary shares and investment unit in the Property Fund.

Major Cineplex Group Public Company Limited
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14 Property, plant and equipment

Unit: Baht

| | Consolidated | | | | | | | | Total |
|--|--------------------|-----------------------------------|-------------------------------|--------------------|------------------------------|--------------------|------------------|--------------------------|----------------------|
| | Land | Building and building improvement | Cinema and cinema improvement | Utility system | Tool, equipment and fixtures | Office equipment | Vehicle | Construction in progress | |
| At 1 January 2013 | | | | | | | | | |
| Cost | 208,316,998 | 1,810,314,486 | 3,054,524,305 | 1,103,862,201 | 4,037,033,307 | 287,732,842 | 20,248,796 | 105,455,434 | 10,627,488,369 |
| <u>Less</u> Accumulated depreciation | - | (602,574,851) | (1,458,990,602) | (525,236,206) | (2,451,434,064) | (236,374,953) | (11,383,653) | - | (5,285,994,329) |
| Allowance for impairment | - | - | - | (1,644,451) | (7,054,041) | (669,714) | - | - | (9,368,206) |
| Net book value | <u>208,316,998</u> | <u>1,207,739,635</u> | <u>1,595,533,703</u> | <u>576,981,544</u> | <u>1,578,545,202</u> | <u>50,688,175</u> | <u>8,865,143</u> | <u>105,455,434</u> | <u>5,332,125,834</u> |
| For the year ended 31 December 2013 | | | | | | | | | |
| Opening net book value | 208,316,998 | 1,207,739,635 | 1,595,533,703 | 576,981,544 | 1,578,545,202 | 50,688,175 | 8,865,143 | 105,455,434 | 5,332,125,834 |
| Additions | - | 21,444,531 | 144,751,364 | 100,247,154 | 849,650,086 | 27,156,877 | 1,697,603 | 923,452,470 | 2,068,400,085 |
| Transfer | - | 989,891 | 194,667,602 | 62,554,064 | 497,073,975 | 89,490,200 | - | (844,775,732) | - |
| Reclassification | - | 170,000 | (170,000) | (12,789) | 12,789 | - | - | - | - |
| Disposals, net | - | - | (310,243) | (8,544,815) | (24,191,423) | (40,623) | (1,358,466) | - | (34,445,570) |
| Write-off, net | - | - | - | (601,094) | (3,070,993) | (32,992) | (1) | - | (3,705,080) |
| Depreciation charge | - | (89,367,338) | (146,561,384) | (64,200,455) | (285,590,481) | (45,068,538) | (2,802,103) | - | (633,590,299) |
| Reversal of impairment | - | - | - | 262,317 | 1,770,504 | - | - | - | 2,032,821 |
| Impairment charge | - | - | (3,500,000) | (1,000,000) | (30,000,000) | - | - | - | (34,500,000) |
| Closing net book value | <u>208,316,998</u> | <u>1,140,976,719</u> | <u>1,784,411,042</u> | <u>665,685,926</u> | <u>2,584,199,659</u> | <u>122,193,099</u> | <u>6,402,176</u> | <u>184,132,172</u> | <u>6,696,317,791</u> |
| At 31 December 2013 | | | | | | | | | |
| Cost | 208,316,998 | 1,832,918,909 | 3,386,889,108 | 1,251,366,000 | 5,279,925,986 | 331,095,990 | 18,787,587 | 184,132,172 | 12,493,432,750 |
| <u>Less</u> Accumulated depreciation | - | (691,942,190) | (1,598,978,066) | (583,297,939) | (2,660,442,791) | (208,233,177) | (12,385,411) | - | (5,755,279,574) |
| Allowance for impairment | - | - | (3,500,000) | (2,382,135) | (35,283,536) | (669,714) | - | - | (41,835,385) |
| Net book value | <u>208,316,998</u> | <u>1,140,976,719</u> | <u>1,784,411,042</u> | <u>665,685,926</u> | <u>2,584,199,659</u> | <u>122,193,099</u> | <u>6,402,176</u> | <u>184,132,172</u> | <u>6,696,317,791</u> |

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14 Property, plant and equipment (Cont'd)

Unit: Baht

| | Consolidated | | | | | | | | Total |
|--|--------------------|-----------------------------------|-------------------------------|--------------------|------------------------------|--------------------|------------------|--------------------------|----------------------|
| | Land | Building and building improvement | Cinema and cinema improvement | Utility system | Tool, Equipment and fixtures | Office equipment | Vehicle | Construction in progress | |
| For the year ended 31 December 2014 | | | | | | | | | |
| Opening net book value | 208,316,998 | 1,140,976,719 | 1,784,411,042 | 665,685,926 | 2,584,199,659 | 122,193,099 | 6,402,176 | 184,132,172 | 6,696,317,791 |
| Exchange differences | - | - | 1,088,597 | - | 466,755 | 108,690 | - | - | 1,664,042 |
| Additions | - | 4,180,444 | 138,615,109 | 75,091,100 | 258,231,566 | 42,472,281 | 2,414,953 | 349,956,419 | 870,961,872 |
| Transfer | - | 10,621,718 | 96,416,813 | 26,625,898 | 204,798,074 | 34,960,285 | - | (373,422,788) | - |
| Disposals, net | - | - | (1,248,265) | (131,189) | (15,601,076) | (387,971) | - | - | (17,368,501) |
| Write-off, net | - | (453,227) | (13,512,574) | (6,312,853) | (6,450,928) | (19,333) | - | - | (26,748,915) |
| Depreciation charge | - | (91,734,903) | (167,370,583) | (69,469,457) | (357,348,255) | (69,346,300) | (2,631,990) | - | (757,901,488) |
| Reversal of impairment | - | - | 3,500,000 | 2,382,135 | 5,259,253 | - | - | - | 11,141,388 |
| Impairment charge | - | - | - | - | (47,574,765) | - | - | - | (47,574,765) |
| Closing net book value | <u>208,316,998</u> | <u>1,063,590,751</u> | <u>1,841,900,139</u> | <u>693,871,560</u> | <u>2,625,980,283</u> | <u>129,980,751</u> | <u>6,185,139</u> | <u>160,665,803</u> | <u>6,730,491,424</u> |
| At 31 December 2014 | | | | | | | | | |
| Cost | 208,316,998 | 1,847,134,305 | 3,595,902,957 | 1,340,630,689 | 5,644,015,956 | 400,325,707 | 21,202,540 | 160,665,803 | 13,218,194,955 |
| Less Accumulated depreciation | - | (783,543,554) | (1,754,002,818) | (646,759,129) | (2,940,436,625) | (269,675,242) | (15,017,401) | - | (6,409,434,769) |
| Allowance for impairment | - | - | - | - | (77,599,048) | (669,714) | - | - | (78,268,762) |
| Net book value | <u>208,316,998</u> | <u>1,063,590,751</u> | <u>1,841,900,139</u> | <u>693,871,560</u> | <u>2,625,980,283</u> | <u>129,980,751</u> | <u>6,185,139</u> | <u>160,665,803</u> | <u>6,730,491,424</u> |

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14 Property, plant and equipment (Cont'd)

| | Company | | | | | | | Unit: Baht |
|--|--------------------|--|--------------------|------------------------------------|---------------------|------------------|-----------------------------|----------------------|
| | Land | Building, cinema and cinema Improvement | Utility system | Tool, equipment and fixtures | Office equipment | Vehicle | Construction in progress | Total |
| At 1 January 2013 | | | | | | | | |
| Cost | 173,406,998 | 2,084,728,464 | 377,971,505 | 1,616,393,062 | 180,068,344 | 9,001,886 | 43,408,593 | 4,484,978,852 |
| Less Accumulated depreciation | - | (845,166,738) | (114,905,408) | (937,478,340) | (148,427,177) | (6,152,334) | - | (2,052,129,997) |
| Net book value | <u>173,406,998</u> | <u>1,239,561,726</u> | <u>263,066,097</u> | <u>678,914,722</u> | <u>31,641,167</u> | <u>2,849,552</u> | <u>43,408,593</u> | <u>2,432,848,855</u> |
| For the year ended 31 December 2013 | | | | | | | | |
| Opening net book value | 173,406,998 | 1,239,561,726 | 263,066,097 | 678,914,722 | 31,641,167 | 2,849,552 | 43,408,593 | 2,432,848,855 |
| Additions | - | 133,534,389 | 71,445,831 | 231,624,102 | 21,804,278 | 1,697,603 | 794,954,722 | 1,255,060,925 |
| Transfer | - | 168,360,984 | 44,900,848 | 408,283,737 | 73,562,914 | - | (695,108,483) | - |
| Disposals, net | - | (252,174) | (555,081) | (1,389,380) | (211) | - | - | (2,196,846) |
| Write-off, net | - | - | - | (703,064) | (30,438) | (1) | - | (733,503) |
| Depreciation charge | - | (114,776,884) | (28,814,232) | (113,057,396) | (32,388,325) | (899,240) | - | (289,936,077) |
| Impairment charge | - | (3,500,000) | (1,000,000) | (30,000,000) | - | - | - | (34,500,000) |
| Closing net book value | <u>173,406,998</u> | <u>1,422,928,041</u> | <u>349,043,463</u> | <u>1,173,672,721</u> | <u>94,589,385</u> | <u>3,647,914</u> | <u>143,254,832</u> | <u>3,360,543,354</u> |
| At 31 December 2013 | | | | | | | | |
| Cost | 173,406,998 | 2,380,057,344 | 493,740,669 | 2,159,417,653 | 203,304,166 | 10,639,676 | 143,254,832 | 5,563,821,338 |
| Less Accumulated depreciation | - | (953,629,303) | (143,697,206) | (955,744,932) | (108,714,781) | (6,991,762) | - | (2,168,777,984) |
| Allowance for impairment | - | (3,500,000) | (1,000,000) | (30,000,000) | - | - | - | (34,500,000) |
| Net book value | <u>173,406,998</u> | <u>1,422,928,041</u> | <u>349,043,463</u> | <u>1,173,672,721</u> | <u>94,589,385</u> | <u>3,647,914</u> | <u>143,254,832</u> | <u>3,360,543,354</u> |

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14 Property, plant and equipment (Cont'd)

| | Company | | | | | | | Unit: Baht |
|--|--------------------|--|---------------------------|---|-----------------------------|------------------|-------------------------------------|----------------------|
| | Land | Building, cinema and cinema improvement | Utility system | Tool, equipment and fixtures | Office equipment | Vehicle | Construction in progress | Total |
| For the year ended 31 December 2014 | | | | | | | | |
| Opening net book value | 173,406,998 | 1,422,928,041 | 349,043,463 | 1,173,672,721 | 94,589,385 | 3,647,914 | 143,254,832 | 3,360,543,354 |
| Additions | - | 77,012,811 | 61,274,430 | 147,003,495 | 25,634,478 | 2,414,954 | 274,415,928 | 587,756,096 |
| Transfer | - | 87,530,516 | 19,872,576 | 154,979,972 | 31,610,517 | - | (293,993,581) | - |
| Disposals, net | - | (1,248,265) | (56,258) | (5,557,710) | (238,241) | - | - | (7,100,474) |
| Write-off, net | - | (13,965,801) | (3,946,983) | - | - | - | - | (17,912,784) |
| Depreciation charge | - | (132,080,473) | (35,311,790) | (153,645,576) | (52,796,214) | (1,222,931) | - | (375,056,984) |
| Reversal of impairment | - | 3,500,000 | 1,000,000 | - | - | - | - | 4,500,000 |
| Impairment charge | - | - | - | (40,207,427) | - | - | - | (40,207,427) |
| Closing net book value | <u>173,406,998</u> | <u>1,443,676,829</u> | <u>391,875,438</u> | <u>1,276,245,475</u> | <u>98,799,925</u> | <u>4,839,937</u> | <u>123,677,179</u> | <u>3,512,521,781</u> |
| At 31 December 2014 | | | | | | | | |
| Cost | 173,406,998 | 2,516,958,000 | 568,118,379 | 2,418,048,739 | 254,285,762 | 13,054,629 | 123,677,179 | 6,067,549,686 |
| <u>Less</u> Accumulated depreciation | - | (1,073,281,171) | (176,242,941) | (1,071,595,837) | (155,485,837) | (8,214,692) | - | (2,484,820,478) |
| Allowance for impairment | - | - | - | (70,207,427) | - | - | - | (70,207,427) |
| Net book value | <u>173,406,998</u> | <u>1,443,676,829</u> | <u>391,875,438</u> | <u>1,276,245,475</u> | <u>98,799,925</u> | <u>4,839,937</u> | <u>123,677,179</u> | <u>3,512,521,781</u> |

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14 Property, plant and equipment (Cont'd)

Depreciation expense of Baht 574.37 million (2013: Baht 477.66 million) has been charged in “costs of providing services” and Baht 183.53 million (2013: Baht 155.93 million) in “administrative expense” in the consolidated income statements.

Depreciation expense of Baht 257.52 million (2013: Baht 200.27 million) has been charged in “costs of providing services” and Baht 117.54 million (2013: Baht 89.67 million) in “administrative expense” in the company income statements.

As at 31 December 2014, the land and buildings have been pledged with the net book value of 38.61 million (2013 : Baht Baht 39.37 million) under the land and building long-term lease agreement. According to the agreement, the Group is unable to sell, lease or use these assets as collateral to other parties.

During 2013, additions in the consolidated financial statements included assets acquired under finance lease agreements amounting to Baht 422.40 million.

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

| | Unit: Baht | | | |
|--------------------------------------|----------------------|----------------------|--------------------|--------------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Cost - capitalised finance leases | 607,298,141 | 610,167,936 | 20,725,683 | 21,906,697 |
| <u>Less</u> Accumulated depreciation | <u>(247,004,237)</u> | <u>(169,503,884)</u> | <u>(5,115,553)</u> | <u>(4,741,581)</u> |
| Net book amount | <u>360,293,904</u> | <u>440,664,052</u> | <u>15,610,130</u> | <u>17,165,116</u> |

15 Goodwill

| | Unit: Baht | |
|--|---------------------|---------------------|
| | Consolidated | |
| | 2014 | 2013 |
| At 1 January | | |
| Cost | 342,112,936 | 342,112,936 |
| <u>Less</u> Allowance for impairment | <u>(55,047,537)</u> | <u>(55,047,537)</u> |
| Net book value | <u>287,065,399</u> | <u>287,065,399</u> |
| For the years ended 31 December | | |
| Opening net book value | 287,065,399 | 287,065,399 |
| Impairment | <u>(3,704,675)</u> | <u>-</u> |
| Closing net book value | <u>283,360,724</u> | <u>287,065,399</u> |
| At 31 December | | |
| Cost | 342,112,936 | 342,112,936 |
| <u>Less</u> Allowance for impairment | <u>(58,752,212)</u> | <u>(55,047,537)</u> |
| Net book value | <u>283,360,724</u> | <u>287,065,399</u> |

The carrying amount of the segment has been reduced to its recoverable amount through recognition of an impairment loss against goodwill. This loss has been included in income statement.

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15 Goodwill (Cont'd)

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

| | Consolidated | | | | | Unit : Baht |
|--|----------------------------|---------------------------------|--|---|-----------------------------------|--------------------|
| | Cinema business | Advertising business | Bowing and Karaoke business | Rental and services business | Movie content business | Total |
| Goodwill allocation | | | | | | |
| For the year ended 31 December 2014 | | | | | | |
| Cost | 25,207,060 | - | 1,327,239 | 52,746,610 | 262,832,027 | 342,112,936 |
| <u>Less</u> Allowance for impairment | (5,047,537) | - | - | - | (53,704,675) | (58,752,212) |
| Net book value | <u>20,159,523</u> | <u>-</u> | <u>1,327,239</u> | <u>52,746,610</u> | <u>209,127,352</u> | <u>283,360,724</u> |
| For the year ended 31 December 2013 | | | | | | |
| Cost | 25,207,060 | - | 1,327,239 | 52,746,610 | 262,832,027 | 342,112,936 |
| <u>Less</u> Allowance for impairment | (5,047,537) | - | - | - | (50,000,000) | (55,047,537) |
| Net book value | <u>20,159,523</u> | <u>-</u> | <u>1,327,239</u> | <u>52,746,610</u> | <u>212,832,027</u> | <u>287,065,399</u> |

15 Goodwill (Cont'd)

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

Key assumptions used in the recoverable amount assessment include:

| | Cinema business | Bowling and Karaoke business | Rental and services business | Movie content business |
|----------------------------|----------------------------|---|---|-----------------------------------|
| Gross margin ¹ | 14.0 | 6.0 | 10.0 | 14.0 - 51.0 |
| Growth rate ² | 1.7 | 1.7 | 5.0 - 10.0 | 2.8 |
| Discount rate ³ | 9.4 | 9.4 | 10.3 | 8.0 |

¹ Budgeted gross margin.

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

³ Pre-tax discount rate applied to the cash flow projections.

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

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

During the year 2014, the Group recognised impairment on goodwill of a subsidiary which was primarily due to the significant decrease in projected revenue arising from external factors as well as market situation and trend. Moreover, this subsidiary has incurred a continuous loss which in resulted in a shareholders' deficit.

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16 Intangible assets

| | Consolidated | | | Unit: Baht |
|--|---------------------|-------------------------|--------------------|---------------------------------|
| | Film rights | Computer program | Total | Company Computer program |
| At 1 January 2013 | | | | |
| Cost | 3,250,954,667 | 82,048,579 | 3,333,003,246 | 71,847,554 |
| <u>Less</u> Accumulated amortisation | (2,868,313,312) | (27,690,005) | (2,896,003,317) | (22,372,275) |
| Allowance for impairment | (68,776,631) | (1,316,009) | (70,092,640) | - |
| Net book value | <u>313,864,724</u> | <u>53,042,565</u> | <u>366,907,289</u> | <u>49,475,279</u> |
| For the year ended 31 December 2013 | | | | |
| Opening net book value | 313,864,724 | 53,042,565 | 366,907,289 | 49,475,279 |
| Additions | 394,058,471 | 18,893,660 | 412,952,131 | 17,043,978 |
| Amortisation | (380,528,247) | (16,858,598) | (397,386,845) | (16,074,551) |
| Impairment charge | (13,875,543) | - | (13,875,543) | - |
| Closing net book value | <u>313,519,405</u> | <u>55,077,627</u> | <u>368,597,032</u> | <u>50,444,706</u> |
| At 31 December 2013 | | | | |
| Cost | 3,645,013,138 | 100,942,239 | 3,745,955,377 | 88,891,532 |
| <u>Less</u> Accumulated amortisation | (3,248,841,559) | (44,548,603) | (3,293,390,162) | (38,446,826) |
| Allowance for impairment | (82,652,174) | (1,316,009) | (83,968,183) | - |
| Net book value | <u>313,519,405</u> | <u>55,077,627</u> | <u>368,597,032</u> | <u>50,444,706</u> |
| For the year ended 31 December 2014 | | | | |
| Opening net book value | 313,519,405 | 55,077,627 | 368,597,032 | 50,444,706 |
| Exchange differences | - | 63,410 | 63,410 | - |
| Additions | 286,330,707 | 21,869,095 | 308,199,802 | 15,426,272 |
| Amortisation | (432,085,595) | (21,253,623) | (453,339,218) | (19,626,478) |
| Impairment charge | (14,420,663) | - | (14,420,663) | - |
| Closing net book value | <u>153,343,854</u> | <u>55,756,509</u> | <u>209,100,363</u> | <u>46,244,500</u> |
| At 31 December 2014 | | | | |
| Cost | 3,931,343,845 | 122,882,434 | 4,054,226,279 | 104,317,804 |
| <u>Less</u> Accumulated amortisation | (3,680,927,154) | (65,809,916) | (3,746,737,070) | (58,073,304) |
| Allowance for impairment | (97,072,837) | (1,316,009) | (98,388,846) | - |
| Net book value | <u>153,343,854</u> | <u>55,756,509</u> | <u>209,100,363</u> | <u>46,244,500</u> |

Amortisation of Baht 432.08 million (2013: Baht 380.53 million) is included in the cost of sales and Baht 21.26 million (2013: Baht 16.86 million) in administrative expenses in the consolidated income statement.

Amortisation of Baht 19.63 million (2013: Baht 16.07 million) is included in administrative expenses in the company income statement.

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17 Deferred income tax assets and liabilities

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

| | Unit: Baht | | | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Deferred tax assets: | | | | |
| Deferred tax asset to be recovered within 12 months | 35,646,714 | 6,881,653 | 1,522,233 | 641,858 |
| Deferred tax asset to be recovered after more than 12 months | <u>115,276,679</u> | <u>139,498,108</u> | <u>38,352,077</u> | <u>29,828,484</u> |
| Total | <u>150,923,393</u> | <u>146,379,761</u> | <u>39,874,310</u> | <u>30,470,342</u> |
| Deferred tax liabilities: | | | | |
| Deferred tax liabilities to be settled within 12 months | (34,668,471) | (14,423,882) | (1,666,761) | (922,672) |
| Deferred tax liability to be settled after more than 12 months | <u>(424,959,490)</u> | <u>(465,413,250)</u> | <u>(120,394,773)</u> | <u>(121,148,012)</u> |
| | <u>(459,627,961)</u> | <u>(479,837,132)</u> | <u>(122,061,534)</u> | <u>(122,070,684)</u> |
| Deferred tax, net | <u>(308,704,568)</u> | <u>(333,457,371)</u> | <u>(82,187,224)</u> | <u>(91,600,342)</u> |

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

| | Unit: Baht | | | |
|--------------------------------|----------------------|----------------------|---------------------|---------------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| At 1 January | (333,457,371) | (251,526,490) | (91,600,342) | (12,655,147) |
| Credited to profit or loss | 23,449,208 | 7,702,230 | 8,109,523 | 10,687,916 |
| Tax charged directly to equity | <u>1,303,595</u> | <u>(89,633,111)</u> | <u>1,303,595</u> | <u>(89,633,111)</u> |
| At 31 December | <u>(308,704,568)</u> | <u>(333,457,371)</u> | <u>(82,187,224)</u> | <u>(91,600,342)</u> |

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17 Deferred income taxes (Cont'd)

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

| | Consolidated | | | Unit: Baht |
|--|------------------------------|---|---|--------------------------------|
| | At 1 January 2014 | Charged (credited) to profit or loss | Charged directly to equity | At 31 December 2014 |
| Deferred tax assets | | | | |
| Impairment loss of investment | 600,000 | - | - | 600,000 |
| Amortisation of film right | - | 18,995,739 | - | 18,995,739 |
| Depreciation | 1,616,138 | (1,099,313) | - | 516,825 |
| Impairment loss of assets | 6,900,000 | 8,614,953 | - | 15,514,953 |
| Fixed assets under | | | | |
| finance lease contracts | 34,344,844 | (5,607,779) | - | 28,737,065 |
| Prepaid rents | 397,772 | (24,568) | - | 373,204 |
| Finance lease liabilities | 83,380,893 | (18,978,755) | - | 64,402,138 |
| Employee benefit | 3,293,734 | 1,545,917 | - | 4,839,651 |
| Provision for customers loyalty program | 2,860,000 | 1,093,727 | - | 3,953,727 |
| Construction grants | 12,986,380 | 3,711 | - | 12,990,091 |
| Total | 146,379,761 | 4,543,632 | - | 150,923,393 |
| Deferred tax liabilities | | | | |
| Available-for-sale investment | (102,516,210) | - | 1,303,595 | (101,212,615) |
| Investment in associates and joint ventures | (25,019,761) | (7,763,418) | - | (32,783,179) |
| Amortisation | (4,794,979) | 3,479,830 | - | (1,315,149) |
| Finance lease receivables | (2,556,426) | 10,881 | - | (2,545,545) |
| Depreciation | (123,583,785) | 10,462,635 | - | (113,121,150) |
| Prepaid rental and services income | (221,365,971) | 12,715,648 | - | (208,650,323) |
| Total | (479,837,132) | 18,905,576 | 1,303,595 | (459,627,961) |
| Deferred tax, net | (333,457,371) | 23,449,208 | 1,303,595 | (308,704,568) |

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17 Deferred income taxes (Cont'd)

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

| | Consolidated | | | Unit: Baht |
|--|------------------------------|---|---|--------------------------------|
| | At 1 January 2013 | Charged (credited) to profit or loss | Charged directly to equity | At 31 December 2013 |
| Deferred tax assets | | | | |
| Impairment loss of investment | 600,000 | - | - | 600,000 |
| Depreciation | 2,295,344 | (679,206) | - | 1,616,138 |
| Impairment loss of assets | - | 6,900,000 | - | 6,900,000 |
| Fixed assets under | | | | |
| finance lease contracts | 40,008,723 | (5,663,879) | - | 34,344,844 |
| Prepaid rents | 422,340 | (24,568) | - | 397,772 |
| Finance lease liabilities | 4,435,811 | 78,945,082 | - | 83,380,893 |
| Employee benefit | 2,913,479 | 380,255 | - | 3,293,734 |
| Provision for customers loyalty program | 3,374,000 | (514,000) | - | 2,860,000 |
| Construction grants | 6,066,380 | 6,920,000 | - | 12,986,380 |
| Total | 60,116,077 | 86,263,684 | - | 146,379,761 |
| Deferred tax liabilities | | | | |
| Available-for-sale investment | (12,883,099) | - | (89,633,111) | (102,516,210) |
| Investment in associates and joint ventures | (23,498,737) | (1,521,024) | - | (25,019,761) |
| Amortisation | (6,640,588) | 1,845,609 | - | (4,794,979) |
| Finance lease receivables | (2,558,691) | 2,265 | - | (2,556,426) |
| Depreciation | (32,119,473) | (91,464,312) | - | (123,583,785) |
| Prepaid rental and services income | (233,941,979) | 12,576,008 | - | (221,365,971) |
| Total | (311,642,567) | (78,561,454) | (89,633,111) | (479,837,132) |
| Deferred tax, net | (251,526,490) | 7,702,230 | (89,633,111) | (333,457,371) |

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17 Deferred income taxes (Cont'd)

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

| | Company | | | Unit: Baht |
|---|------------------------------|---|---|--------------------------------|
| | At 1 January 2014 | Charged (credited) to profit or loss | Charged directly to Equity | At 31 December 2014 |
| Deferred tax assets | | | | |
| Impairment loss of investment | 600,000 | - | - | 600,000 |
| Depreciation | 640,919 | (127,859) | - | 513,060 |
| Provision for impairment of assets | 6,900,000 | 7,141,485 | - | 14,041,485 |
| Finance lease liabilities | 4,130,752 | 33,668 | - | 4,164,420 |
| Employee benefit | 2,352,291 | 1,259,236 | - | 3,611,527 |
| Provision for customers loyalty program | 2,860,000 | 1,093,727 | - | 3,953,727 |
| Construction grants | 12,986,380 | 3,711 | - | 12,990,091 |
| Total | 30,470,342 | 9,403,968 | - | 39,874,310 |
| Deferred tax liabilities | | | | |
| Available-for-sale investment | (102,516,210) | - | 1,303,595 | (101,212,615) |
| Amortisation | (922,672) | (57,623) | - | (980,295) |
| Depreciation | (18,631,802) | (1,236,822) | - | (19,868,624) |
| Total | (122,070,684) | (1,294,445) | 1,303,595 | (122,061,534) |
| Deferred tax, net | (91,600,342) | 8,109,523 | 1,303,595 | (82,187,224) |

| | Company | | | Unit: Baht |
|---|------------------------------|---|---|--------------------------------|
| | At 1 January 2013 | Charged (credited) to profit or loss | Charged directly to Equity | At 31 December 2013 |
| Deferred tax assets | | | | |
| Impairment loss of investment | 600,000 | - | - | 600,000 |
| Depreciation | 768,777 | (127,858) | - | 640,919 |
| Provision for impairment of assets | - | 6,900,000 | - | 6,900,000 |
| Finance lease liabilities | 4,084,432 | 46,320 | - | 4,130,752 |
| Employee benefit | 2,086,348 | 265,943 | - | 2,352,291 |
| Provision for customers loyalty program | 3,374,000 | (514,000) | - | 2,860,000 |
| Construction grants | 6,066,380 | 6,920,000 | - | 12,986,380 |
| Total | 16,979,937 | 13,490,405 | - | 30,470,342 |
| Deferred tax liabilities | | | | |
| Available-for-sale investment | (12,883,099) | - | (89,633,111) | (102,516,210) |
| Amortisation | (407,322) | (515,350) | - | (922,672) |
| Depreciation | (16,344,663) | (2,287,139) | - | (18,631,802) |
| Total | (29,635,084) | (2,802,489) | (89,633,111) | (122,070,684) |
| Deferred tax, net | (12,655,147) | 10,687,916 | (89,633,111) | (91,600,342) |

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17 Deferred income taxes (Cont'd)

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

| | Unit: Baht | | | |
|--------------------------|---------------------|---------------|----------------|--------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Deferred tax assets | 19,770,556 | 316,412 | - | - |
| Deferred tax liabilities | (328,475,124) | (333,773,783) | (82,187,224) | (91,600,342) |
| Deferred tax, net | (308,704,568) | (333,457,371) | (82,187,224) | (91,600,342) |

18 Prepaid rents

| | Unit: Baht | | | |
|---------------------|---------------------|-------------|----------------|-------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Current portion | 34,153,853 | 34,153,853 | 9,472,507 | 9,472,507 |
| Long-term portion | 453,130,007 | 487,283,860 | 149,930,864 | 159,403,371 |
| Total prepaid rents | 487,283,860 | 521,437,713 | 159,403,371 | 168,875,878 |

As at 31 December 2014, leasehold rights of the Group with the net book value of Baht 21.60 million (2013: Baht 22.80 million) are pledged as collateral for bank borrowings (Note 21).

19 Other non-current assets

| | Unit: Baht | | | |
|----------|---------------------|-------------|----------------|-------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Deposits | 237,450,332 | 227,671,185 | 144,328,670 | 116,373,421 |
| Others | 174,675,627 | 116,008,751 | 174,658,242 | 114,612,640 |
| | 412,125,959 | 343,679,936 | 318,986,912 | 230,986,061 |

20 Trade account and other payables

| | Unit: Baht | | | |
|--|---------------------|---------------|----------------|---------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Trade account payables | 733,793,207 | 620,359,485 | 575,267,158 | 481,790,127 |
| Amounts due to related parties (Note 36) | 54,286,012 | 72,947,147 | 53,749,972 | 99,652,944 |
| Other payables | 307,899,909 | 473,006,746 | 205,965,033 | 326,997,300 |
| Accrued expenses | 413,424,630 | 255,721,999 | 224,331,173 | 130,725,100 |
| Rental and service incomes received in advance | 389,951,489 | 314,346,777 | 246,926,263 | 179,350,506 |
| Trade account and other payables | 1,899,355,247 | 1,736,382,154 | 1,306,239,599 | 1,218,515,977 |

Rental and service incomes received in advance included cash advanced from customers amounting to Baht 74.88 million (2013: Baht 49.74 million), which received from selling of cash cards, being deposited at banks. In order to comply with the Notification of the Bank of Thailand applicable to the electronic card business, the balance of the deposit has to be maintained at the outstanding value of the cash cards on hands of the customers as the minimum.

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21 Borrowings

| | Unit: Baht | | | |
|--|---------------------|---------------|----------------|---------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Current | | | | |
| Bank overdrafts | - | 60,418,172 | - | 703,160 |
| Short-term loans from financial institutions | 2,235,000,000 | 2,178,510,000 | 2,185,000,000 | 1,545,000,000 |
| Total bank overdrafts and short-term loans from financial institutions | 2,235,000,000 | 2,238,928,172 | 2,185,000,000 | 1,545,703,160 |
| Current portion of long-term borrowings: | | | | |
| - Finance lease liabilities | 75,558,437 | 71,922,239 | 170,261 | 264,935 |
| - Bank borrowings | 40,000,000 | 131,924,271 | 40,000,000 | 40,000,000 |
| Total current portion of long-term borrowings | 115,558,437 | 203,846,510 | 40,170,261 | 40,264,935 |
| Non-current portion of long-term borrowings | | | | |
| - Finance lease liabilities | 367,673,968 | 443,408,418 | 20,945,481 | 21,137,363 |
| - Bank borrowings | 20,000,000 | 108,453,231 | 20,000,000 | 60,000,000 |
| - Debentures | 1,800,000,000 | 1,800,000,000 | 1,800,000,000 | 1,800,000,000 |
| Total non-current portion of long-term borrowings | 2,187,673,968 | 2,351,861,649 | 1,840,945,481 | 1,881,137,363 |
| Total borrowings and debentures | 4,538,232,405 | 4,794,636,331 | 4,066,115,742 | 3,467,105,458 |

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

| | Unit: Baht | | | |
|------------------|---------------------|---------------|----------------|---------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Borrowings: | | | | |
| - Fixed rates | 4,095,000,000 | 4,078,510,000 | 4,045,000,000 | 3,445,000,000 |
| - Floating rates | - | 200,795,674 | - | 703,160 |
| | 4,095,000,000 | 4,279,305,674 | 4,045,000,000 | 3,445,703,160 |

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21 Borrowings (Cont'd)

The exposure of the Group's and the Company's borrowings (excluded finance leases liabilities) to interest rate changes and the contractual re-pricing dates at the statement of financial position dates are as follows:

| | Unit: Baht | | | |
|---------------------|-----------------------------|--------------------------|----------------------|----------------------|
| | Consolidated | | | |
| | 6 months or less | 6 - 12 months | 1 - 5 years | Total |
| At 31 December 2014 | 2,255,000,000 | 20,000,000 | 1,820,000,000 | 4,095,000,000 |
| Total borrowings | <u>2,255,000,000</u> | <u>20,000,000</u> | <u>1,820,000,000</u> | <u>4,095,000,000</u> |
| At 31 December 2013 | 2,198,510,000 | 20,000,000 | 1,860,000,000 | 4,078,510,000 |
| Total borrowings | <u>2,198,510,000</u> | <u>20,000,000</u> | <u>1,860,000,000</u> | <u>4,078,510,000</u> |
| | Unit: Baht | | | |
| | Company | | | |
| | 6 months or less | 6 - 12 months | 1 - 5 years | Total |
| At 31 December 2014 | 2,205,000,000 | 20,000,000 | 1,820,000,000 | 4,045,000,000 |
| Total borrowings | <u>2,205,500,000</u> | <u>20,000,000</u> | <u>1,820,000,000</u> | <u>4,045,000,000</u> |
| At 31 December 2013 | 1,565,000,000 | 20,000,000 | 1,860,000,000 | 3,445,000,000 |
| Total borrowings | <u>1,565,000,000</u> | <u>20,000,000</u> | <u>1,860,000,000</u> | <u>3,445,000,000</u> |

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

| | Consolidated | | Company | |
|-------------------|---------------------|---------------|----------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| - Bank overdrafts | 7.28% - 8.00% | 7.38% - 8.00% | 7.40% - 8.00% | 7.38% - 8.00% |
| - Bank borrowings | 2.85% - 6.75% | 2.86% - 6.75% | 2.85% - 4.60% | 2.86% - 4.60% |
| - Debentures | 3.54% - 4.60% | 3.54% - 4.60% | 3.54% - 4.60% | 3.54% - 4.60% |

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21 Borrowings (Cont'd)

The carrying amounts and fair values of certain long-term borrowings (excluded finance leases liabilities) are as follows:

| | Unit: Baht | | | |
|---------------------------|-------------------------|----------------------|----------------------|----------------------|
| | Consolidated | | | |
| | Carrying amounts | | Fair values | |
| | 2014 | 2013 | 2014 | 2013 |
| Long-term bank borrowings | 20,000,000 | 108,453,231 | 19,867,358 | 107,297,645 |
| Debentures | 1,800,000,000 | 1,800,000,000 | 1,854,779,840 | 1,824,643,350 |
| | <u>1,820,000,000</u> | <u>1,908,453,231</u> | <u>1,874,647,198</u> | <u>1,931,940,995</u> |
| | Unit: Baht | | | |
| | Company | | | |
| | Carrying amounts | | Fair values | |
| | 2014 | 2013 | 2014 | 2013 |
| Long-term bank borrowings | 20,000,000 | 60,000,000 | 19,867,358 | 58,844,414 |
| Debentures | 1,800,000,000 | 1,800,000,000 | 1,854,779,840 | 1,824,643,350 |
| | <u>1,820,000,000</u> | <u>1,860,000,000</u> | <u>1,874,647,198</u> | <u>1,883,487,764</u> |

The fair values of long-term bank borrowings are based on discounted cash flows using a discount rate based upon the commercial bank borrowing rate. The fair values of debentures are based on their market price in Thai Bond Market Association as of the date of statement of financial position. The carrying amounts of short-term borrowings and lease obligations approximate their fair values.

Finance lease liabilities-minimum lease payments are as follows:

| | Unit: Baht | | | |
|--|---------------------|---------------------|---------------------|---------------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Not later than 1 year | 92,560,585 | 92,800,133 | 1,843,791 | 1,979,656 |
| Later than 1 year but not later than 5 years | 372,960,791 | 449,965,161 | 6,567,998 | 6,715,163 |
| Later than 5 years | 46,341,813 | 62,052,420 | 43,905,585 | 45,602,210 |
| | 511,863,189 | 604,817,714 | 52,317,374 | 54,297,029 |
| <u>Less</u> Future finance charges on finance leases | <u>(68,630,784)</u> | <u>(89,487,057)</u> | <u>(31,201,632)</u> | <u>(32,894,731)</u> |
| Present value of finance lease liabilities | <u>443,232,405</u> | <u>515,330,657</u> | <u>21,115,742</u> | <u>21,402,298</u> |

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21 Borrowings (Cont'd)

The present value of finance lease liabilities is as follows:

| | Unit: Baht | | | |
|-----------------------|---------------------|--------------------|-------------------|-------------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Not later than 1 year | 75,558,437 | 71,922,239 | 170,261 | 264,935 |
| Later than 1 year | 367,673,968 | 443,408,418 | 20,945,481 | 21,137,363 |
| | <u>443,232,405</u> | <u>515,330,657</u> | <u>21,115,742</u> | <u>21,402,298</u> |

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

| | Unit: Baht | | | |
|-----------------|---------------------|--------------------|-------------------|--------------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Opening balance | 240,377,502 | 225,114,795 | 100,000,000 | 140,000,000 |
| Additions | 49,400,000 | 123,990,000 | - | - |
| Repayments | (229,777,502) | (108,727,293) | (40,000,000) | (40,000,000) |
| Closing balance | <u>60,000,000</u> | <u>240,377,502</u> | <u>60,000,000</u> | <u>100,000,000</u> |

Maturity of bank borrowings is as follows:

| | | | | |
|-----------------------------|-------------------|--------------------|-------------------|--------------------|
| Within 1 year | 40,000,000 | 131,924,271 | 40,000,000 | 40,000,000 |
| Between 1 year and 2 years | 20,000,000 | 88,453,231 | 20,000,000 | 40,000,000 |
| Between 2 years and 5 years | - | 20,000,000 | - | 20,000,000 |
| | <u>20,000,000</u> | <u>108,453,231</u> | <u>20,000,000</u> | <u>60,000,000</u> |
| | <u>60,000,000</u> | <u>240,377,502</u> | <u>60,000,000</u> | <u>100,000,000</u> |

Short-term loans from financial institutions represent bills of exchange and promissory notes denominated in Thai Baht bearing interest at the rates ranging from 2.85% to 6.75% per annum (2013: 2.86% to 6.50% per annum).

Long-term bank borrowings bear interest at the rates ranging from 4.60% to 6.25% per annum (2013: 4.60% to 6.75% per annum) and are secured by the pledge of leasehold rights (Note 18).

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21 Borrowings (Cont'd)

Debentures

| | Unit: Baht | |
|------------------------|----------------------|----------------------|
| | Consolidated | Company |
| Opening amount | 1,800,000,000 | 1,800,000,000 |
| Issuance of debenture | - | - |
| Repayment of debenture | - | - |
| Closing amount | <u>1,800,000,000</u> | <u>1,800,000,000</u> |

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

| Term | Issue date | Maturity date | Debentures Baht Million | Fixed interest rate (%) per annum |
|-------------|-------------------|----------------------|------------------------------------|--|
| 5 years | 10 August 2012 | 10 August 2017 | 1,000 | 4.60 |
| 3 years | 15 May 2013 | 15 May 2016 | 800 | 3.54 |

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

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

Borrowing facilities

As at 31 December 2014, the available credit facilities from financial institutions of the Group and the Company are Baht 3,925 million, and Baht 2,320 million, respectively, (2013: Baht 2,295.70 million, and Baht 1,879.30 million, respectively). The facilities expiring within 3 years are annual facilities subject to review at various dates during years which will mainly be used for cinema construction and working capital.

22 Other current liabilities

| | Unit: Baht | | | |
|---|---------------------|--------------------|-------------------|-------------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Undue output value added tax | 40,721,638 | 37,452,732 | 8,007,321 | 12,711,978 |
| Provision for customers loyalty program | 19,768,638 | 14,300,000 | 19,768,638 | 14,300,000 |
| Provision for goods returned | 44,424,860 | 30,152,640 | - | - |
| Others | 49,617,123 | 27,508,433 | 26,564,625 | 11,703,423 |
| | <u>154,532,259</u> | <u>109,413,805</u> | <u>54,340,584</u> | <u>38,715,401</u> |

23 Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

| | Unit: Baht | | | |
|--|---------------------|-------------|----------------|-------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Present value of unfunded obligation | 25,656,872 | 22,919,045 | 18,057,635 | 16,006,045 |
| Liability in the statement of financial position | 25,656,872 | 22,919,045 | 18,057,635 | 16,006,045 |

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

| | Unit: Baht | | | |
|-------------------------|---------------------|-------------|----------------|-------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| At 1 January | 22,919,045 | 18,869,662 | 16,006,045 | 10,431,741 |
| Current service cost | 2,542,782 | 731,896 | 1,415,558 | 937,867 |
| Interest cost | 890,918 | 584,464 | 636,032 | 391,845 |
| Actuarial (gain) losses | (695,873) | 2,733,023 | - | 4,244,592 |
| At 31 December | 25,656,872 | 22,919,045 | 18,057,635 | 16,006,045 |

The amounts recognised in the income statements are as follows:

| | Unit: Baht | | | |
|--------------------------------|---------------------|-------------|----------------|-------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Current service cost | 2,542,782 | 731,896 | 1,415,558 | 937,867 |
| Interest cost | 890,918 | 584,464 | 636,032 | 391,845 |
| Actuarial (gain) losses | (695,873) | 2,733,023 | - | 4,244,592 |
| Total, included in staff costs | 2,737,827 | 4,049,383 | 2,051,590 | 5,574,304 |

Of the total charge, Baht 2.74 million and Baht 2.05 million (2013: Baht 4.05 million and Baht 5.57 million) are included in “administrative expenses” in consolidated and company financial statements, respectively.

The principal actuarial assumptions used are as follows:

| | Consolidated | | Company | |
|-------------------------|---------------------|---------------|----------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| Discount rate | 4.10% | 4.10% | 4.10% | 4.10% |
| Inflation rate | 3.00% | 3.00% | 3.00% | 3.00% |
| Future salary increases | 3.00% - 9.00% | 3.00% - 9.00% | 3.00% - 9.00% | 3.00% - 9.00% |

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24 Other non-current liabilities

| | Unit: Baht | | | |
|--|--------------------|--------------------|-------------------|-------------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Deposit received | 228,233,830 | 221,778,071 | 24,762,352 | 21,995,010 |
| Rental and services income received in advance | 166,297,318 | 183,612,817 | - | - |
| Construction grants | 66,950,455 | 64,931,900 | 66,950,455 | 64,931,900 |
| | <u>461,481,603</u> | <u>470,322,788</u> | <u>91,712,807</u> | <u>86,926,910</u> |

During 2014, the Company received construction grants from the lessors amounting to Baht 5.00 million (2013: Baht 28.60 million). Such amount is recognised as a discount rental fee based on period of lease agreements in consolidated and company financial statements.

25 Share capital and premium on share capital

| | Authorised number of shares | Issued and fully paid-up | | |
|-------------------------------|-----------------------------|--------------------------|----------------------|----------------------|
| | | Number of shares | Ordinary shares Baht | Share premium Baht |
| At 1 January 2013 | 904,500,990 | 887,576,343 | 887,576,343 | 3,919,499,372 |
| Share reduction | (8,234,643) | - | - | - |
| At 31 December 2013 | 896,266,347 | 887,576,343 | 887,576,343 | 3,919,499,372 |
| Issuance of shares | | | | |
| - Exercised warrant - ESOP-W4 | - | 2,482,493 | 2,482,493 | 48,048,503 |
| At 31 December 2014 | <u>896,266,347</u> | <u>890,058,836</u> | <u>890,058,836</u> | <u>3,967,547,875</u> |

The total authorised number of ordinary shares is 896,266,347 shares (2013: 896,266,347 shares) with a par value of Baht 1 per share (2013: Baht 1 per share). The issued and fully paid-up ordinary shares is 890,058,836 shares (2013: 887,576,343 shares).

Employee share option scheme: During 2014, 2,405,500 options of the Company were exercised with exercise ratio 1:1.033 share resulted in 2,482,493 shares being issued (31 December 2013: None), with exercise price of Baht 14.948 per share totaling proceeds of Baht 37.11 million (31 December 2013: None). The related weighted average price at the time of exercise was Baht 23.62 per share (31 December 2013: None).

During 2014, 333,450 options of a subsidiary were exercised with exercise ratio 1:1.29 share resulted in 430,150 shares being issued (31 December 2013: None), with exercise price of Baht 1.235 totaling proceeds of Baht 0.53 million (31 December 2013: None). The related weighted average price at the time of exercise was Baht 1.86 per share (31 December 2013: None).

At the Annual General Shareholders Meeting held on 3 April 2013, the shareholders approved the reduction of authorised share capital from Baht 904,500,990 to Baht 896,266,347 by eliminating remaining unissued shares of the company for 8,234,643 shares at a par of Baht 1 per share totalling Baht 8,234,643 because of the expiration of warrants (ESOP-W3). The Company registered the decrease of share capital with the Ministry of Commerce on 24 July 2013.

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

Share premium - Treasury share

During 2009, the Company repurchased 40.91 million shares from third parties through the Stock Exchange of Thailand. The total amount paid to repurchase of the shares was Baht 267.92 million which has been presented as treasury shares under the shareholders' equity. The treasury shares are held for reissuance at a later date. The Company allocated retained earnings as a reserve for treasury shares amounting to Baht 267.92 million in accordance with section 66/1(2) of the Security and Exchange Act B.E. 2535 which requires the Company to set aside retained earnings as reserve.

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

26 Share-based payment - Warrants

26.1 Warrants issued and offered to employees of the Company (ESOP)

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

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

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

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

| | <u>Modification date</u> | <u>Issued units Million</u> | <u>Exercise Ratio unit/share</u> | <u>Exercise price Baht/unit</u> |
|---------|--------------------------|---------------------------------|--|---|
| ESOP-W4 | 28 February 2013 | 8.57 | 1.017 | 15.182 |
| ESOP-W4 | 10 April 2014 | 8.57 | 1.033 | 14.948 |

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

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

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

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

| | <u>Grant date</u> | <u>Issued units Million</u> | <u>Exercise ratio Unit/share</u> | <u>Exercise price Baht/unit</u> | <u>Exercise period</u> | |
|---------|-------------------|---------------------------------|--|---|------------------------|---------------|
| | | | | | <u>Start</u> | <u>End</u> |
| ESOP-W1 | 10 April 2012 | 4.42 | 1.000 | 1.590 | 30 June 2014 | 23 April 2017 |

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

| | <u>Modification date</u> | <u>Issued units Million</u> | <u>Exercise Ratio unit/share</u> | <u>Exercise price Baht/unit</u> |
|---------|--------------------------|---------------------------------|--|---|
| ESOP-W1 | 27 July 2014 | | 4.42 | 1.290 |
| | | | | 1.240 |

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

| | <u>Consolidated</u> | | <u>Company</u> | |
|---------------------------------|--|-------------------|--|------------------|
| | <u>Average exercise price Baht per share</u> | <u>Option</u> | <u>Average exercise price Baht per share</u> | <u>Option</u> |
| At 1 January 2013 | 10.77 | 13,114,625 | 15.44 | 8,690,000 |
| Forfeited | | | | |
| by the subsidiary ESOP - W1 | 1.59 | (2,116,125) | - | - |
| Change in condition of warrants | | | | |
| by the Company ESOP - W4 | 15.18 | (120,000) | 15.18 | (120,000) |
| At 31 December 2013 | | <u>10,878,500</u> | | <u>8,570,000</u> |
| At 1 January 2014 | | 10,878,500 | | 8,570,000 |
| Forfeited | | | | |
| by the subsidiary ESOP - W4 | | (1,700,000) | | (1,700,000) |
| Exercise of warrants | | | | |
| by the Company ESOP - W1 | 1.24 | (333,450) | | - |
| by the Company ESOP - W4 | 14.95 | (2,405,500) | 14.95 | (2,405,500) |
| At 31 December 2014 | | <u>6,439,550</u> | | <u>4,464,500</u> |

During 2014, warrants of 2,738,950 options have been exercised amount of Baht 37.64 million (Note 25).

As at 31 December 2014, the Company and its subsidiary have 4,464,500 and 1,975,050 outstanding warrants, respectively (2013: the Company and its subsidiary have 8,570,000 and 2,308,500 outstanding warrants respectively).

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

During 2014, the Company made a dividend payment higher than the dividend rate that met the condition as stipulated in the condition of warrants, resulted to change of the exercise price and assumptions using the Black-Scholes valuation model as follows:

| Condition of warrants | ESOP - W4 | | ESOP - W1 |
|---|----------------------|----------------------|----------------------|
| | Original | As adjusted | Original |
| Exercise price (Baht per share) | 15.182 | 14.948 | 1.590 |
| Exercise ratio (Unit per share) | 1 : 1.017 | 1 : 1.033 | 1 : 1 |
| Variable | Original assumptions | Adjusted assumptions | Original assumptions |
| Fair value of warrant (Baht per option) | 5.58 - 6.00 | 3.66 - 4.30 | 0.28 - 0.65 |
| Volatility (%) | 24.34 - 29.67 | 20.80 - 30.94 | 37.15 - 62.70 |
| Dividend yield (%) | 4.72 - 5.23 | 4.51 - 5.30 | 2.12 |
| Weighted average share price at the grant date (Baht per share) | 21.30 | 18.80 | 1.49 |
| Expected option life (year) | 1.33 - 3.33 | 0.22 - 2.22 | 2.18 - 4.18 |
| Risk-free interest rate (%) | 2.76 - 2.94 | 2.03 - 2.34 | 3.34 - 3.47 |

Volatility is derived from historical fluctuation of MAJOR and MPIC stock price. Historical period under consideration is based on remaining life of MAJOR-ESOP-W4 and MPIC-ESOP-W1, given that value of MAJOR-ESOP-W4 and MPIC-ESOP-W1 will rise when there is high fluctuation of MAJOR and MPIC stock price, respectively.

This changes in exercise price and ratio brought about the reduce of the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the entity shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred. The Company shall not take into account that decreases in fair value according to TFRS2 - Shares-based payment. As a result, the Company used original fair value of warrant in recognition of service received.

During 2014, the Group and the Company recognised the value of warrants over the vesting period, the amount of Baht 9.50 million and Baht 7.50 million, respectively, are recognised as an expense in the consolidated and company income statements with a corresponding credit to the consolidated and company equity.

27 Legal reserve

Under the Public Limited Company Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital of the Company. The reserve is non-distributable.

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28 Non-controlling interest

| | Unit: Baht | |
|--|---------------------|--------------------|
| | Consolidated | |
| | 2014 | 2013 |
| Opening balance | (3,649,732) | 87,145,414 |
| Addition of investment in subsidiary by purchasing share from non-controlling interest | - | (63,508,816) |
| Acquisition of investment in subsidiary | 975,000 | - |
| Additional of investment in subsidiary | 72,765,066 | - |
| Exercise of warrant | 1,050,761 | - |
| Share of profit from subsidiaries | (15,179,781) | (27,286,330) |
| Closing balance | <u>55,961,314</u> | <u>(3,649,732)</u> |

29 Other operating income

| | Unit: Baht | | | |
|---|---------------------|--------------------|--------------------|--------------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Dividend income | 3,323,461 | 1,296,070 | 134,578,691 | 136,954,303 |
| Gains on disposals of property, plant and equipment | (6,379,220) | (2,646,850) | (5,703,179) | - |
| Gains on disposals of investments | 108,371,433 | 221,482,416 | 114,100,284 | 231,444,476 |
| Management fee income | 55,071,258 | 46,567,793 | 52,759,806 | 44,036,616 |
| Interest income | 11,852,324 | 12,804,745 | 52,806,487 | 66,694,384 |
| Gain on exchange rate | 6,385,086 | 939,520 | 5,885,677 | - |
| Property tax income | 22,306,323 | 24,425,915 | 2,245,582 | 3,062,213 |
| Compensation income | 9,721,426 | 12,935,954 | - | 12,935,954 |
| Others | 20,941,252 | 21,928,943 | 7,256,652 | 14,660,200 |
| | <u>231,593,343</u> | <u>339,734,506</u> | <u>363,930,000</u> | <u>509,788,146</u> |

30 Expenses by nature

| | Unit: Baht | | | |
|---|---------------------|--------------|----------------|-------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Depreciation of property and equipment (Note 14) | 757,901,488 | 633,590,299 | 375,056,984 | 289,936,077 |
| Amortisation of intangible assets | | | | |
| - Film rights (Note 16) | 432,085,595 | 380,528,247 | - | - |
| - Computer software (Note 16) | 21,253,623 | 16,858,598 | 19,626,478 | 16,074,551 |
| Amortisation of prepaid rents | 34,153,853 | 34,305,253 | 9,472,507 | 9,472,507 |
| Impairment of goodwill (Note 15) | 3,704,675 | - | - | - |
| Impairment of assets (Notes 14 and 16) | 50,854,040 | 46,342,722 | 35,707,427 | 34,500,000 |
| Repairs and maintenance expenditure | 84,500,923 | 78,099,404 | 57,296,915 | 45,461,481 |
| Staff costs | 870,844,819 | 820,064,550 | 482,947,629 | 475,636,731 |
| Loss from written-off of property, plant, equipment | 26,748,915 | 3,705,880 | 17,912,784 | 733,503 |
| Doubtful debts and bad debts (reversal) | 99,763,025 | 2,434,125 | 544,353 | (37,810) |
| Loss on diminution in value of inventories (reversal) | 283,096 | (12,861,069) | - | - |
| Loss on goods returns (reversal) | 14,272,220 | (1,208,937) | - | - |
| Inventory | | | | |
| - Cost of inventories recognised as expense (included in "Cost of sales") | 503,379,540 | 429,776,738 | 306,658,786 | 280,478,916 |

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31 Finance costs

| | Unit: Baht | | | |
|---|---------------------|--------------------|--------------------|--------------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Interest expenses: | | | | |
| Bank borrowings | 75,100,307 | 57,166,734 | 52,408,009 | 22,449,754 |
| Borrowings from subsidiaries and associates | 2,558,867 | 1,458,003 | 32,035,735 | 23,888,522 |
| Finance lease | 20,856,273 | 16,601,982 | 1,693,099 | 1,697,364 |
| Debentures | 74,423,296 | 73,786,748 | 74,423,296 | 73,786,747 |
| | <u>172,938,743</u> | <u>149,013,467</u> | <u>160,560,139</u> | <u>121,822,387</u> |

32 Income tax

| | Unit: Baht | | | |
|---|---------------------|--------------------|--------------------|---------------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Current tax: | | | | |
| Current tax on profits for the year | 293,040,624 | 283,010,825 | 158,561,377 | 180,533,696 |
| Adjustments in respect of prior year | 1,217,915 | 1,004,929 | - | 922,495 |
| Total current tax | <u>294,258,539</u> | <u>284,015,754</u> | <u>158,561,377</u> | <u>181,456,191</u> |
| Deferred tax: | | | | |
| Origination and reversal of temporary differences | (23,449,208) | (7,702,230) | (8,109,522) | (10,687,916) |
| Total deferred tax | <u>(23,449,208)</u> | <u>(7,702,230)</u> | <u>(8,109,522)</u> | <u>(10,687,916)</u> |
| Total tax expense | <u>270,809,331</u> | <u>276,313,524</u> | <u>150,451,855</u> | <u>170,768,275</u> |

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32 Income tax (Cont'd)

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

| | Unit: Baht | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Profit before tax | 1,341,908,550 | 1,300,654,682 | 853,293,875 | 963,021,314 |
| Tax calculated at a tax rate of 20% (2013: 20%) | 268,381,710 | 260,130,936 | 170,658,775 | 192,604,263 |
| Tax effect of: | | | | |
| Associate and joint ventures results reported net of tax | (32,030,869) | (36,423,379) | - | - |
| Income not subject to tax | (26,251,046) | (25,781,649) | (26,251,046) | (25,781,650) |
| Expenses not deductible for tax purpose | 54,064,847 | 20,836,542 | 6,044,126 | 4,550,936 |
| Expense that are deductible at a greater amount from actual expenses | (79,439) | (1,689,654) | - | (1,527,769) |
| Utilisation of previously unrecognised tax losses | (37,772,328) | (8,827,325) | - | - |
| Tax losses for which no deferred income tax asset was recognised | 28,577,849 | 31,245,234 | - | - |
| Unrealised losses from intercompany transaction | 14,721,392 | 35,805,595 | - | - |
| Re-measurement of deferred tax - change in tax rate | (20,700) | 12,295 | - | - |
| Adjustment in respect of prior year | 1,217,915 | 1,004,929 | - | 922,495 |
| Tax charge | <u>270,809,331</u> | <u>276,313,524</u> | <u>150,451,855</u> | <u>170,768,275</u> |

The weighted average applicable tax rate was 19% (2013: 19%).

The tax (charge) credit relating to component of other comprehensive income is as follows:

| | Consolidated and Company | | | | | |
|------------------------------------|--------------------------|-----------------------------------|--------------------|--------------------|-----------------------------------|--------------------|
| | 2014 | | | 2013 | | |
| | Before tax Baht | Tax (charge) credit Baht | After tax Baht | Before tax Baht | Tax (charge) credit Baht | After tax Baht |
| Fair value gains: | | | | | | |
| Available-for-sale financial asset | (6,517,980) | 1,303,596 | (5,214,384) | 448,165,556 | (89,633,111) | 358,532,445 |
| Other comprehensive income | <u>(6,517,980)</u> | <u>1,303,596</u> | <u>(5,214,384)</u> | <u>448,165,556</u> | <u>(89,633,111)</u> | <u>358,532,445</u> |
| Current tax | | - | | | - | |
| Deferred tax | | <u>1,303,596</u> | | | <u>(89,633,111)</u> | |
| | | <u>1,303,596</u> | | | <u>(89,633,111)</u> | |

33 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of paid-up ordinary shares in issue during the year.

The diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: warrants (as detailed in Note 26). A calculation of warrants is made to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrants. The difference is added to the denominator as an issue of ordinary shares for no consideration.

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

| | Consolidated | | | | | |
|---|----------------------|----------------------|--|--------------------|---------------------------|-------------|
| | Profit | | Weighted average number of shares | | Earnings per share | |
| | Baht | | shares | | Baht | |
| For the years ended 31 December | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Basic earnings per share | 1,086,279,001 | 1,051,627,488 | 888,359,624 | 887,576,343 | 1.22 | 1.18 |
| The effect of dilutive potential shares | - | - | 1,133,561 | 1,880,039 | - | - |
| Diluted earnings per share | <u>1,086,279,001</u> | <u>1,051,627,488</u> | <u>889,493,185</u> | <u>889,456,382</u> | <u>1.22</u> | <u>1.18</u> |

| | Company | | | | | |
|---|--------------------|--------------------|--|--------------------|---------------------------|-------------|
| | Profit | | Weighted average number of shares | | Earnings per share | |
| | Baht | | shares | | Baht | |
| For the years ended 31 December | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Basic earnings per share | 702,842,020 | 792,253,039 | 888,359,624 | 887,576,343 | 0.79 | 0.89 |
| The effect of dilutive potential shares | - | - | 1,133,561 | 1,880,039 | - | - |
| Diluted earnings per share | <u>702,842,020</u> | <u>792,253,039</u> | <u>889,493,185</u> | <u>889,456,382</u> | <u>0.79</u> | <u>0.89</u> |

34 Dividends

For the year ended 31 December 2014

At the Board of Directors Meeting held on 8 August 2014, the directors passed the resolution to approved dividends payment in respect of the operating results for the period from January to June 2014 at Baht 0.50 per share, totalling Baht 444.25 million. The dividend will be distributed to shareholders listed in the register on 26 August 2014. The dividends were distributed to the shareholders on 5 September 2014.

At the Annual General Shareholders Meeting held on 3 April 2014, the shareholders passed the resolution to approved dividends payment in respect of the operating results for the period from July to December 2013 at Baht 0.48 per share, totalling Baht 443.78 million. The dividend will be distributed to shareholders listed in the register on 16 April 2014. The dividends were distributed to the shareholders on 2 May 2014.

34 Dividends (Cont'd)

For the year ended 31 December 2013

At the Board of Directors Meeting held on 9 August 2013, the directors passed the resolution to approve interim dividends in respect of the operating results for the period from January to June 2013 at Baht 0.50 per share, totalling Baht 443.78 million. The dividends were distributed to shareholders listed in the register on 28 August 2013. The dividends were distributed to the shareholders on 6 September 2013.

At the Board of Directors Meeting held on 15 February 2013, the directors passed a resolution to approve dividends in respect of the operation results for the period from July to December 2012 at Baht 0.48 per share, totalling Baht 425.95 million. The dividends were distributed to the shareholders listed in the register on 5 March 2013 that approved by the Annual Ordinary Shareholders Meeting on 3 April 2013. The dividends were distributed to the shareholders on 2 May 2013.

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the year ended 31 December 2014

35 Cash flows from operating activities

Reconciliation of net profit to cash flows from operating activities:

| | Notes | Unit: Baht | | | |
|---|-------|----------------------|----------------------|----------------------|--------------------|
| | | Consolidated | | Company | |
| | | 2014 | 2013 | 2014 | 2013 |
| Profit before income tax | | 1,341,908,550 | 1,300,654,682 | 853,293,875 | 963,021,314 |
| Adjustments for: | | | | | |
| Depreciation and amortisation | 30 | 1,211,240,706 | 1,030,977,144 | 394,683,462 | 306,010,628 |
| Amortisation of prepaid rent (Reversal) | 30 | 34,153,853 | 34,305,253 | 9,472,507 | 9,472,507 |
| Doubtful accounts and bad debts (reversal) | 30 | 99,763,025 | 2,434,125 | 544,353 | (37,810) |
| Provision for goods returns (reversal) | 30 | 14,272,220 | (1,208,937) | - | - |
| Loss on diminution in value of inventories (reversal) | 11 | 283,096 | (12,861,069) | - | - |
| Loss from allowance for doubtful of interest receivable | | 16,767 | 68,000 | - | - |
| Loss on impairment of assets | 30 | 50,854,040 | 46,342,722 | 35,707,427 | 34,500,000 |
| Loss on impairment of goodwill | 15 | 3,704,675 | - | - | - |
| Loss (gain) on disposals of property, plant and equipment | | 6,379,220 | 10,311,393 | 5,703,179 | 999,262 |
| Loss on write-off of property, plant and equipment | 30 | 26,748,915 | 3,705,080 | 17,912,784 | 733,503 |
| Shares of profit from associates and joint ventures | 13 | (198,971,436) | (189,156,607) | - | - |
| Gain on disposals of investment in subsidiaries, associates and joint venture | 13 | (54,311,669) | (221,482,416) | (60,040,520) | (231,444,477) |
| Gain on disposal of available-for-sale of investment | 9 | (54,059,764) | - | (54,059,764) | - |
| Provision for loyalty program | 22 | 5,468,638 | (2,570,000) | 5,468,638 | (2,570,000) |
| Provision for employee benefit | 23 | 2,737,827 | 4,049,383 | 2,051,590 | 5,574,304 |
| Warrants | 26 | 9,496,333 | 12,250,759 | 7,500,000 | 12,089,867 |
| Unrealised gain on exchange rate | | (956,554) | - | (1,002,222) | - |
| Dividend income | 29 | (3,323,461) | (1,296,070) | (134,578,691) | (136,954,303) |
| Interest income | 29 | (11,852,324) | (12,804,745) | (52,806,487) | (66,694,384) |
| Finance costs | 31 | 172,938,743 | 149,013,467 | 160,560,139 | 121,822,387 |
| Changes in operating assets and liabilities: | | | | | |
| - trade account and other receivable | | (252,769,717) | 310,574,097 | 22,818,767 | 181,887,901 |
| - inventories | | 20,175,662 | (29,806,277) | 2,477,227 | (20,248,665) |
| - films under production | | (66,529,600) | (22,714,409) | - | - |
| - other current assets | | 49,378,607 | 88,393,707 | 37,870,059 | 18,283,685 |
| - receivables under finance lease agreements | | 100,212 | 54,401 | - | - |
| - accounts receivable long-term contract | | - | 20,132,597 | - | 20,132,597 |
| - other non-current assets | | (68,400,425) | (103,685,614) | (87,955,250) | (120,366,138) |
| - trade account and other payables | | (115,285,664) | (783,872,677) | (125,935,691) | (460,317,747) |
| - other current liabilities | | 25,405,092 | (74,753,755) | 10,156,545 | 4,693,440 |
| - other non-current liabilities | | (8,841,184) | 15,475,287 | 4,785,896 | 26,488,498 |
| Cash flows from operating activities | | <u>2,239,724,383</u> | <u>1,572,529,521</u> | <u>1,054,627,823</u> | <u>667,076,369</u> |

36 Related-party transactions

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

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

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

The following transactions were carried out with related parties:

i) Sales of goods and services and others

| | Unit: Baht'000 | | | |
|------------------------------------|-----------------------|----------------|----------------|----------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Sales of goods and services | | | | |
| Subsidiaries | - | - | 310,465 | 282,993 |
| Associates | 7,353 | 6,145 | 28,927 | 28,005 |
| Leasehold property fund | 67,566 | 62,309 | 148,307 | 143,545 |
| Joint ventures | 33,203 | 14,094 | 5,108 | 7,236 |
| Related parties | 71,130 | 68,432 | 20,689 | 8,625 |
| | <u>179,252</u> | <u>150,980</u> | <u>513,496</u> | <u>470,404</u> |
| Sale of equipment | | | | |
| Subsidiaries | - | - | - | 614 |
| Joint ventures | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>614</u> |

ii) Purchase of goods and services and others

| | Unit: Baht'000 | | | |
|--|-----------------------|----------------|----------------|----------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Purchases of goods and services | | | | |
| Subsidiaries | - | - | 274,359 | 230,505 |
| Associates | 28,212 | 31,229 | 22,357 | 24,396 |
| Leasehold property fund | 154,062 | 144,059 | 117,112 | 112,721 |
| Joint ventures | 16,951 | 375 | 1,151 | 20 |
| Related parties | 172,774 | 150,962 | 152,574 | 139,139 |
| | <u>371,999</u> | <u>326,625</u> | <u>567,553</u> | <u>506,781</u> |
| Purchases of fixed assets | | | | |
| Subsidiaries | - | - | 120 | 27 |
| | <u>-</u> | <u>-</u> | <u>120</u> | <u>27</u> |

36 Related-party transactions (Cont'd)

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

| | Unit: Baht'000 | | | |
|---|----------------|---------------|----------------|----------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Trade accounts receivable (include unbilled revenue) | | | | |
| Subsidiaries | - | - | 93,227 | 98,326 |
| Associates | 4,705 | 3,158 | 1,945 | 1,257 |
| Joint venture | 32,397 | 26,787 | 334 | 240 |
| Related parties | 2,618 | 3,111 | 480 | 763 |
| | <u>39,720</u> | <u>33,056</u> | <u>95,986</u> | <u>100,586</u> |
| Amounts due from related parties | | | | |
| Subsidiaries | - | - | 186,795 | 226,702 |
| Associates | 32,275 | 37,720 | 7,726 | 11,073 |
| Joint venture | 121,938 | 4,388 | 4,965 | 4,087 |
| Related parties | 39,444 | 31,307 | 23,911 | 11,944 |
| | <u>193,657</u> | <u>73,415</u> | <u>223,397</u> | <u>253,806</u> |
| Deposit (included in "Other non-current assets") | | | | |
| Subsidiaries | - | - | 44,528 | 18,688 |
| Associates | 8,460 | 8,979 | 3,460 | 3,460 |
| Joint venture | 500 | - | - | - |
| Related parties | - | 200 | - | 200 |
| | <u>8,960</u> | <u>9,179</u> | <u>47,988</u> | <u>22,348</u> |
| Finance lease receivables | | | | |
| Related parties | 1,740 | 1,768 | - | - |
| | <u>1,740</u> | <u>1,768</u> | <u>-</u> | <u>-</u> |

36 Related-party transactions (Cont'd)

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

| | Unit: Baht'000 | | | |
|---|----------------|----------------|----------------|----------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Trade accounts payable (included in "Trade accounts and notes payable") | | | | |
| Subsidiaries | - | - | 121,899 | 101,173 |
| Associates | 1,040 | 978 | 1,037 | 1 |
| Joint venture | 535 | - | - | - |
| Related parties | 1,085 | 1,014 | 986 | 901 |
| | <u>2,660</u> | <u>1,992</u> | <u>123,922</u> | <u>102,075</u> |
| Other payables (included in "Amounts due to related parties") | | | | |
| Subsidiaries | - | - | 24,309 | 44,083 |
| Associates | 16,094 | 5,647 | 15,243 | 4,864 |
| Joint venture | 21,172 | 2,026 | - | - |
| Related parties | 13,720 | 61,516 | 10,898 | 47,406 |
| Board | 3,300 | 3,758 | 3,300 | 3,300 |
| | <u>54,286</u> | <u>72,947</u> | <u>53,750</u> | <u>99,653</u> |
| Advance received for rental and services (included in "Other non-current liabilities") | | | | |
| Associate | 27,055 | 28,103 | - | - |
| Related parties | 14,069 | 15,579 | - | - |
| | <u>41,124</u> | <u>43,682</u> | <u>-</u> | <u>-</u> |
| Deposits received (included in "Other non-current liabilities") | | | | |
| Subsidiaries | - | - | 1,253 | 983 |
| Associates | 120,003 | 120,003 | - | - |
| Joint venture | 420 | 420 | - | - |
| Related parties | 5,667 | 5,237 | 135 | 135 |
| | <u>126,090</u> | <u>125,660</u> | <u>1,388</u> | <u>1,118</u> |
| Finance lease liabilities (included in "Long-term borrowings from financial institutions") | | | | |
| Associates | 12,493 | 12,392 | 12,493 | 12,392 |
| Related parties | 8,329 | 8,262 | 8,329 | 8,262 |
| | <u>20,822</u> | <u>20,654</u> | <u>20,822</u> | <u>20,654</u> |

36 Related-party transactions (Cont'd)

iv) Short-term loans to related parties

The short-term loans to related parties are loans to subsidiaries of Major Cineplex Group Public Company Limited (“Major Group”) in Thailand for the use of financing to other companies under the Major Group in Thailand. The short-term loans to related parties as at 31 December 2014 are unsecured loans repayable within 1 month, carrying interest rate of 4.00% per annum.

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

| For the years ended 31 December | Unit: Baht'000 | | | |
|----------------------------------|----------------|------|-----------|-------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Opening balance | - | - | 526,664 | 462,148 |
| Loans advanced during the year | - | - | 1,092,211 | 1,084,050 |
| Loans repayments during the year | - | - | (977,297) | (1,019,534) |
| Reclassification | - | - | - | - |
| Closing balance | - | - | 641,578 | 526,664 |

The related interest income was Baht 23,512,854 (2013: Baht 18,711,003). At 31 December 2014, the accrued interest income was Baht 2,072,764 (2013: Baht 1,747,074).

v) Long-term loans to related parties

| For the years ended 31 December | Unit: Baht'000 | | | |
|--|----------------|---------|-----------|-----------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Subsidiaries and associates and employees | | | | |
| Opening balance | 3,198 | 6,612 | 755,969 | 1,006,613 |
| Loans advanced during the year | - | 911 | 115,000 | 410,886 |
| Loans repayments during the year | (1,085) | (4,325) | (439,078) | (661,530) |
| Reclassification | - | - | - | - |
| Closing balance | 2,113 | 3,198 | 431,891 | 755,969 |

The loans to related parties are carrying interest at the rates ranging from 3.50% to 4.00% per annum (2013: 3.50% to 6.13% per annum) and there is no specific repayment date.

Staff loans of Baht 2.11 million and Baht 1.89 million (2013: Baht 3.20 million and Baht 2.97 million) in the consolidated and company financial statements, respectively, bearing interest rate of ranging of 2.00% - 3.00% per annum (2013: amount Baht 2.41 million and Baht 2.40 million bearing no interest and Baht 0.79 million and Baht 0.57 million bearing interest rate of ranging of 2.00% - 3.00% per annum).

36 Related-party transactions (Cont'd)

vi) Short-term loans from related parties

The short-term loans from related parties are loans from fellow subsidiaries of Major Cineplex Group Public Company Limited (“Major Group”) in Thailand for the use of financing to other companies under Major Group in Thailand. The short-term loans from related parties as at 31 December 2014 comprise unsecured loans of Baht 973.92 million, repayable within 1 month, carrying interest rate of 4.00% per annum. On-call promissory note of Baht 25 million bears interest rate of 3.10% per annum.

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

| | Unit: Baht'000 | | | |
|--|-----------------------|---------------|----------------|----------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| For the years ended 31 December | | | | |
| Subsidiaries and associates | | | | |
| Opening balance | 25,000 | - | 610,514 | 467,778 |
| Loans borrowed during the year | - | 25,000 | 2,033,734 | 1,459,016 |
| Loans repaid during the year | - | - | (1,670,325) | (1,316,279) |
| Reclassification | - | - | - | - |
| Closing balance | <u>25,000</u> | <u>25,000</u> | <u>973,923</u> | <u>610,515</u> |

The related interest expense was Baht 32,372,173 (2013: Baht 23,888,522). At 31 December 2014, the accrued interest expense was Baht 5,052,042 (2013: Baht 2,446,932).

vii) Key management’s remunerations

| | Unit: Baht'000 | | | |
|--|-----------------------|---------------|----------------|---------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| For the years ended 31 December | | | | |
| Short-term employee benefits | 43,424 | 48,167 | 38,470 | 31,292 |
| Retirement benefits | 1,005 | 899 | 960 | 899 |
| Share-based payments | 1,925 | 3,103 | 1,925 | 3,103 |
| | <u>46,354</u> | <u>52,169</u> | <u>41,355</u> | <u>35,294</u> |

ix) Investments in subsidiaries, associates and joint ventures

Details of investments in subsidiaries, associates and joint ventures are set out in Note 13.

37 Commitments and contingencies

i) Bank guarantees and letter of credits

As at 31 December 2014 the Group has outstanding bank guarantees and letter of credit Baht 182.16 million (2013: Baht 167.83 million) given to third parties.

ii) Guarantees

As at 31 December 2014, the Company and a subsidiary have given guarantees for bank loans granted to subsidiaries and associates for a total of Baht 70.00 million (2013: Baht 833.61 million).

iii) Operating lease commitments - where the Group is the lessee

The Company and its subsidiaries have commitment obligations in terms of long-term lease of land, buildings and service contracts. The future aggregate non-cancellable minimum lease and service payments under the contracts are as follows:

| | Unit: Million Baht | | | |
|--|---------------------------|--------------|----------------|--------------|
| | Consolidated | | Company | |
| | 2014 | 2013 | 2014 | 2013 |
| Not later than 1 year | 574 | 573 | 611 | 618 |
| Later than 1 year but not later than 5 years | 2,366 | 1,941 | 2,058 | 2,023 |
| Later than 5 years | 5,124 | 4,847 | 2,961 | 2,429 |
| | 8,064 | 7,361 | 5,630 | 5,070 |

In addition to the minimum lease and service payments, the Group also has obligations in respect of lease of buildings and service contracts based on revenue sharing with the lessors.

iv) Capital commitments

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

| | Currency | Unit : '000 | | | |
|-------------------------------|-----------------|---------------------|----------------|----------------|---------------|
| | | Consolidated | | Company | |
| | | 2014 | 2013 | 2014 | 2013 |
| Property, plant and equipment | THB | 46,490 | 45,772 | 46,490 | 45,772 |
| Intangible assets | THB | 85,462 | 78,000 | - | - |
| | USD | 2,221 | 4,737 | - | - |
| | EURO | - | 33 | - | - |
| Total | THB | 131,952 | 123,772 | 46,490 | 45,772 |
| | USD | 2,221 | 4,737 | - | - |
| | EURO | - | 33 | - | - |
| Total in Thai Baht | | 193,595 | 281,322 | 46,490 | 45,772 |

37 Commitments and contingencies (Cont'd)

v) Commitment for film productions

As at 31 December 2014, the Group has commitments in respect of payments to film directors amounting to Baht 39.03 million (2013: Baht 47.28 million).

38 Events after the reporting date

38.1 At the Board of Directors Meeting held on 13 February 2015, the Board passed the following resolutions:

- a) Approved dividends in respect of the operating results for the period from July to December 2014 at Baht 0.55 per share, totalling Baht 489.53 million. The dividends will be distributed to shareholders listed in the register on 17 April 2015.

38.2 At the Board of Directors Meeting of a subsidiary held on 10 February 2015, the Board passed the following resolutions:

- a) Approved an issuance and offering of warrants to purchase the ordinary shares of the Company to the directors and the employees of the Company and/or its subsidiaries ("ESOP Project") of 12,998,000 units. Exercise ratio is 1 warrant per 1 ordinary share.
- b) Approved a decrease in registered share capital of the Company from Baht 1,322,072,456 to Baht 1,302,339,205 by cancelling of 19,733,251 unissued registered shares at a par value of Baht 1 each for the right offering.
- c) Approved an increase in registered share capital of the Company from Baht 1,302,339,205 to Baht 1,315,337,205 by the issuance of 12,998,000 new ordinary shares at a par value of Baht 1 each for the exercise of the warrants under the ESOP Project # 2 ("MPIC-ESOP#2").