

MAJOR CINEPLEX GROUP PUBLIC COMPANY LIMITED

CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

31 DECEMBER 2009

AUDITOR'S REPORT

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

I have audited the accompanying consolidated and company balance sheets as at 31 December 2009 and 2008, and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the years then ended of Major Cineplex Group Public Company Limited and its subsidiaries and of Major Cineplex Group Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial positions as at 31 December 2009 and 2008, and the consolidated and company results of operations and cash flows for the years then ended of Major Cineplex Group Public Company Limited and its subsidiaries and of Major Cineplex Group Public Company Limited, respectively, in accordance with generally accepted accounting principles.

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

Bangkok
25 February 2010

Major Cineplex Group Public Company Limited

Balance Sheets

As at 31 December 2009 and 2008

		Unit: Baht				
		Consolidated		Company		
Notes		2009	2008	2009	2008	
Assets						
Current assets						
	Cash and cash equivalents	8	532,015,534	241,388,077	371,357,173	106,858,258
	Short-term investment	9	-	170,444,423	-	170,444,423
	Trade accounts receivable, net	10	793,730,155	1,115,355,101	374,681,085	337,452,319
	Amounts due from related parties	33	44,009,495	17,221,686	535,961,096	773,924,250
	Advance for subscription	35	307,990,650	-	307,990,650	-
	Inventories, net	11	178,010,205	132,106,341	23,912,954	32,131,655
	Movies under production		57,369,064	-	-	-
	Current portion of prepaid rents	18	36,816,575	33,372,285	9,472,507	9,472,507
	Other receivables	12	77,000,000	-	-	-
	Other current assets	13	386,623,354	294,893,497	110,398,963	104,326,587
	Total current assets		<u>2,413,565,032</u>	<u>2,004,781,410</u>	<u>1,733,774,428</u>	<u>1,534,609,999</u>
Non-current assets						
	Restricted cash		5,868,866	6,123,104	-	-
	Finance lease receivables		3,071,958	-	-	-
	Investment in subsidiaries, net	14	-	-	1,860,640,243	1,662,580,317
	Investment in associates, net	14	1,471,946,645	1,506,765,502	1,328,077,288	1,687,896,576
	Interest in joint venture	14	46,148,035	29,507,045	45,519,775	35,407,445
	Long-term investment in other company	9	30,210,042	-	30,210,042	-
	Long-term loans to related parties	33	25,657,229	62,489,968	2,051,490,330	1,595,662,764
	Accrued income		2,022,300	133,750,000	-	-
	Property, plant and equipment, net	15	5,709,251,309	4,932,677,022	2,227,749,635	2,046,175,709
	Goodwill, net	16	338,408,261	84,031,992	-	-
	Intangible assets, net	17	500,692,825	133,784,217	11,803,297	-
	Long-term prepaid rents	18	624,639,409	647,063,322	197,293,400	205,477,249
	Other non-current assets	19	97,671,720	118,169,864	47,152,378	39,581,964
	Total non-current assets		<u>8,855,588,599</u>	<u>7,654,362,036</u>	<u>7,799,936,388</u>	<u>7,272,782,024</u>
	Total assets		<u><u>11,269,153,631</u></u>	<u><u>9,659,143,446</u></u>	<u><u>9,533,710,816</u></u>	<u><u>8,807,392,023</u></u>

Director _____ Director _____

The accompanying notes on pages 9 to 53 are an integral part of these consolidated and company financial statements.

Major Cineplex Group Public Company Limited

Balance Sheets (Cont'd)

As at 31 December 2009 and 2008

		Unit: Baht			
		Consolidated		Company	
	Notes	2009	2008	2009	2008
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term					
borrowings from financial institutions	20	1,749,811,422	837,468,558	1,217,486,012	617,632,838
Trade accounts and notes payable		624,908,996	659,024,134	331,310,459	341,930,108
Amounts due to related parties	33	26,792,765	52,157,416	100,281,189	187,272,667
Current portion of long-term borrowings	20	318,127,353	424,104,074	300,395,191	383,708,078
Accrued income tax		30,771,561	88,561,442	972,765	70,175,698
Other current liabilities	21	975,087,325	689,388,764	351,821,110	272,634,947
Total current liabilities		3,725,499,422	2,750,704,388	2,302,266,726	1,873,354,336
Non-current liabilities					
Long-term borrowings from					
related parties	33	-	-	58,148,928	408,963,735
Long-term borrowings from financial					
institutions	20	172,047,375	1,011,670,495	169,959,972	1,011,355,163
Debenture	20	1,500,000,000	-	1,500,000,000	-
Provision for liabilities on losses					
in subsidiaries	14	-	-	49,257,421	124,713,325
Other non-current liabilities	22	482,684,967	475,061,664	21,072,737	20,630,890
Total non-current liabilities		2,154,732,342	1,486,732,159	1,798,439,058	1,565,663,113
Total liabilities		5,880,231,764	4,237,436,547	4,100,705,784	3,439,017,449
Shareholders' equity					
Share capital					
Authorised share capital	23	906,000,000	906,000,000	906,000,000	906,000,000
Issued and fully paid-up share capital		881,897,219	881,897,219	881,897,219	881,897,219
Share premium	23	3,839,673,605	3,839,673,605	3,839,673,605	3,839,673,605
Unrealised gain (loss)	9	(4,773,398)	444,423	(5,130,007)	444,423
Retained earnings					
Appropriated					
Legal reserve	25	90,600,000	90,600,000	90,600,000	90,600,000
Reserve for treasury shares	23	267,920,095	15,548,640	267,920,095	15,548,640
Unappropriated		481,080,203	615,598,285	625,964,215	555,759,327
<u>Less</u> Treasury shares	23	(267,920,095)	(15,548,640)	(267,920,095)	(15,548,640)
Total parent's shareholders' equity		5,288,477,629	5,428,213,532	5,433,005,032	5,368,374,574
Minority interest	26	100,444,238	(6,506,633)	-	-
Total shareholders' equity		5,388,921,867	5,421,706,899	5,433,005,032	5,368,374,574
Total liabilities and shareholders' equity		11,269,153,631	9,659,143,446	9,533,710,816	8,807,392,023

The accompanying notes on pages 9 to 53 are an integral part of these consolidated and company financial statements.

Major Cineplex Group Public Company Limited
Statements of Income
For the years ended 31 December 2009 and 2008

		Unit: Baht			
		Consolidated		Company	
Notes		2009	2008	2009	2008
Revenues					
	Service income	4,145,544,327	4,179,803,455	2,101,542,468	1,980,782,834
	Sales	1,415,187,592	1,148,653,967	418,424,570	343,649,687
	Total revenues	5,560,731,919	5,328,457,422	2,519,967,038	2,324,432,521
Expenses					
	Cost of providing services	3,011,817,162	2,818,692,889	1,550,596,676	1,388,795,288
	Cost of sales	907,433,464	729,068,819	159,924,253	134,669,266
	Total cost	3,919,250,626	3,547,761,708	1,710,520,929	1,523,464,554
	Gross profit	1,641,481,293	1,780,695,714	809,446,109	800,967,967
	Other operating income	141,027,007	209,292,899	366,834,060	831,162,400
	Profit before expenses	1,782,508,300	1,989,988,613	1,176,280,169	1,632,130,367
	Selling expenses	374,715,378	322,075,286	198,322,259	151,449,050
	Administrative expenses	976,152,510	862,110,588	548,866,970	484,525,760
	Management's remunerations	34,699,658	45,526,690	31,494,075	40,217,567
	Total expenses	1,385,567,546	1,229,712,564	778,683,304	676,192,377
	Operating profit	396,940,754	760,276,049	397,596,865	955,937,990
	Gain on disposals of investments	99,475,617	114,666,607	302,627,056	182,690,012
	Share of profit of investments in associates and joint venture	57,191,790	114,661,361	-	-
	Profit before financial costs and income tax	553,608,161	989,604,017	700,223,921	1,138,628,002
	Financial costs	(133,368,738)	(88,234,750)	(129,412,240)	(119,797,774)
	Profit before income tax	420,239,423	901,369,267	570,811,681	1,018,830,228
	Income tax	(92,802,688)	(258,077,393)	(32,363,358)	(188,090,025)
	Net profit for the year	327,436,735	643,291,874	538,448,323	830,740,203
Attributable profit to:					
	Shareholders of the parent	333,724,752	626,356,254	538,448,323	830,740,203
	Minority interest	(6,288,017)	16,935,620	-	-
		327,436,735	643,291,874	538,448,323	830,740,203
Earnings per share for profit attributable to the shareholders of the parent					
	Basic earnings per share	0.39	0.71	0.63	0.94
	Diluted earnings per share	0.39	0.71	0.63	0.94

The accompanying notes on pages 9 to 53 are an integral part of these consolidated and company financial statements.

Major Cineplex Group Public Company Limited
Statements of Changes in Shareholders' Equity
For the years ended 31 December 2009 and 2008

Unit: Baht

Consolidated									
Parent's shareholders' equity									
Notes	Issued and paid-up share capital	Share premium	Unrealised gain (loss)	Retained earnings			Treasury shares	Minority interest	Total
				Appropriated		Unappropriated			
				Legal reserve	Treasury shares reserve				
Opening balance at 1 January 2009	881,897,219	3,839,673,605	444,423	90,600,000	15,548,640	615,598,285	(15,548,640)	(6,506,633)	5,421,706,899
Reserve during the year	23	-	-	-	252,371,455	(252,371,455)	-	-	-
Net profit for the year		-	-	-	-	333,724,752	-	(6,288,017)	327,436,735
Purchases of investments in subsidiaries	26	-	-	-	-	-	-	113,238,888	113,238,888
Treasury shares	23	-	-	-	-	-	(252,371,455)	-	(252,371,455)
Dividends payment	31	-	-	-	-	(215,871,379)	-	-	(215,871,379)
Available-for-sale investments:									
Unrealised loss recognised in equity	9	-	-	(4,773,398)	-	-	-	-	(4,773,398)
Realised gain recognised in profit and loss	9	-	-	(444,423)	-	-	-	-	(444,423)
Closing balance at 31 December 2009	881,897,219	3,839,673,605	(4,773,398)	90,600,000	267,920,095	481,080,203	(267,920,095)	100,444,238	5,388,921,867
Opening balance at 1 January 2008	879,932,619	3,816,018,391	-	90,600,000	-	833,266,542	-	2,380,776	5,622,198,328
Issuance of ordinary shares	23	1,964,600	23,655,214	-	-	-	-	-	25,619,814
Reserve during the year	23	-	-	-	15,548,640	(15,548,640)	-	-	-
Net profit for the year		-	-	-	-	626,356,254	-	16,935,620	643,291,874
Disposals of subsidiaries	26	-	-	-	-	-	-	(25,422,978)	(25,422,978)
Treasury shares	23	-	-	-	-	-	(15,548,640)	-	(15,548,640)
Dividends payment	31	-	-	-	-	(828,475,871)	-	(400,051)	(828,875,922)
Available-for-sale investments:									
Unrealised gain recognised in equity	9	-	-	444,423	-	-	-	-	444,423
Closing balance at 31 December 2008	881,897,219	3,839,673,605	444,423	90,600,000	15,548,640	615,598,285	(15,548,640)	(6,506,633)	5,421,706,899

The accompanying notes on pages 9 to 53 are an integral part of these consolidated and company financial statements.

Major Cineplex Group Public Company Limited
 Statements of Changes in Shareholders' Equity (Cont'd)
 For the years ended 31 December 2009 and 2008

								Unit: Baht
Company								
Notes	Issued and paid-up share capital	Share premium	Unrealised gain (loss)	Retained earnings		Unappropriated	Treasury shares	Total
				Appropriated				
				Legal reserve	Treasury shares reserve			
Opening balance at 1 January 2009	881,897,219	3,839,673,605	444,423	90,600,000	15,548,640	555,759,327	(15,548,640)	5,368,374,574
Reserve during the year	23	-	-	-	252,371,455	(252,371,455)	-	-
Net profit for the year		-	-	-	-	538,448,323	-	538,448,323
Treasury shares	23	-	-	-	-	-	(252,371,455)	(252,371,455)
Dividends payment	31	-	-	-	-	(215,871,980)	-	(215,871,980)
Available-for-sale investments:								
Unrealised loss recognised in equity	9	-	(5,130,007)	-	-	-	-	(5,130,007)
Realised gain recognised in profit and loss	9	-	(444,423)	-	-	-	-	(444,423)
Closing balance at 31 December 2009	<u>881,897,219</u>	<u>3,839,673,605</u>	<u>(5,130,007)</u>	<u>90,600,000</u>	<u>267,920,095</u>	<u>625,964,215</u>	<u>(267,920,095)</u>	<u>5,433,005,032</u>
Opening balance at 1 January 2008	879,932,619	3,816,018,391	-	90,600,000	-	569,043,635	-	5,355,594,645
Issuance of ordinary shares	23	1,964,600	-	-	-	-	-	25,619,814
Reserve during the year	23	-	-	-	15,548,640	(15,548,640)	-	-
Net profit for the year		-	-	-	-	830,740,203	-	830,740,203
Treasury shares	23	-	-	-	-	-	(15,548,640)	(15,548,640)
Dividends payment	31	-	-	-	-	(828,475,871)	-	(828,475,871)
Available-for-sale investments:								
Unrealised gain recognised in equity	9	-	444,423	-	-	-	-	444,423
Closing balance at 31 December 2008	<u>881,897,219</u>	<u>3,839,673,605</u>	<u>444,423</u>	<u>90,600,000</u>	<u>15,548,640</u>	<u>555,759,327</u>	<u>(15,548,640)</u>	<u>5,368,374,574</u>

The accompanying notes on pages 9 to 53 are an integral part of these consolidated and company financial statements.

Major Cineplex Group Public Company Limited
Statements of Cash Flows
For the years ended 31 December 2009 and 2008

	Notes	Unit: Baht			
		Consolidated		Company	
		2009	2008	2009	2008
Cash flows from operating activities					
Cash generated from operating activities	32	1,700,139,173	1,368,657,088	887,432,350	605,622,168
Interest paid		(125,995,628)	(96,875,799)	(198,253,956)	(90,393,036)
Income tax paid		(125,494,511)	(285,194,327)	(80,182,547)	(194,542,402)
Net cash generated from operating activities		<u>1,448,649,034</u>	<u>986,586,962</u>	<u>608,995,847</u>	<u>320,686,730</u>
Cash flows from investing activities					
Cash increased from change status from associate to subsidiary	14	510,285	-	-	-
Advance for subscription	35	(307,990,650)	-	(307,990,650)	-
Payments for short-term investment	9	(1,820,000,000)	(510,000,000)	(1,820,000,000)	(510,000,000)
Proceeds from sales of short-term investment	9	1,993,036,503	649,595,868	1,993,036,503	649,595,868
Loans made to related parties	33	(7,069,531)	(50,407,200)	(849,635,502)	(223,589,399)
Proceeds from settlements of loans to related parties	33	42,635,542	24,169,703	358,840,836	434,064,053
Payments for investment in subsidiaries	14	(8,498,332)	(8,000,000)	(103,899,400)	(8,000,000)
Proceeds from disposals of investment in associates	14	39,620,497	-	39,620,497	-
Payments for investment in associates	14	(148,390,890)	(127,090,057)	(148,390,890)	(127,090,058)
Payments for interest in joint venture	14	(10,112,330)	(35,407,445)	(10,112,330)	(35,407,445)
Purchases of property, plant and equipment		(1,143,807,119)	(659,411,337)	(302,181,079)	(478,972,051)
Proceeds from disposals of property, plant and equipment and leasehold rights		4,763,083	165,904,767	26,000	164,403,764
Proceeds from loan to third parties		-	-	(13,000,000)	-
Loans to third parties		-	-	6,808,278	-
Dividends received from subsidiaries and associates	14	73,600,300	97,410,694	73,600,300	109,220,642
Payments for deposits for leases and service contracts		-	-	(1,057,361)	-
Payments of intangible assets		(564,579,506)	(261,436,155)	(11,803,296)	-
Payments for prepaid rents		(16,058,267)	(15,000,000)	(1,310,500)	-
Net cash used in investing activities		<u>(1,872,340,415)</u>	<u>(729,671,162)</u>	<u>(1,097,448,594)</u>	<u>(25,774,626)</u>
Cash flows from financing activities					
Decrease in restricted cash		254,237	857,915	-	-
Proceeds from bank overdrafts and short-term borrowings		630,073,188	223,068,558	599,853,174	157,632,838
Repayments of finance lease liabilities		(7,141,010)	(19,354,864)	(5,708,077)	(17,684,608)
Proceeds from loans from related parties	33	-	-	153,668,574	78,000,000
Repayments of loans from related parties	33	-	-	(107,618,574)	(86,741,002)
Proceeds from long-term borrowings	20	2,975,257	700,000,000	-	700,000,000
Repayments of long-term borrowings	20	(943,600,000)	(271,000,000)	(919,000,000)	(268,000,000)
Proceeds from issuance of debenture	20	1,500,000,000	-	1,500,000,000	-
Proceeds from issuance of shares	23	-	25,619,814	-	25,619,814
Dividends paid to shareholders	31	(215,871,379)	(828,418,306)	(215,871,980)	(828,418,306)
Dividends paid to minorities	26	-	(400,051)	-	-
Payments for treasury shares	23	(252,371,455)	(15,548,640)	(252,371,455)	(15,548,640)
Net cash received from (used in) financing activities		<u>714,318,838</u>	<u>(185,175,574)</u>	<u>752,951,662</u>	<u>(255,139,904)</u>

The accompanying notes on pages 9 to 53 are an integral part of these consolidated and company financial statements.

Major Cineplex Group Public Company Limited
Statements of Cash Flows (Cont'd)
For the years ended 31 December 2009 and 2008

	Notes	Unit: Baht			
		Consolidated		Company	
		2009	2008	2009	2008
Net increase in cash and cash equivalents		290,627,457	71,740,226	264,498,915	39,772,200
Opening balance of cash and cash equivalents		241,388,077	169,647,851	106,858,258	67,086,058
Closing balance of cash and cash equivalents	8	<u>532,015,534</u>	<u>241,388,077</u>	<u>371,357,173</u>	<u>106,858,258</u>

Non-cash transactions

Significant non-cash transactions are as follows:

Investment in property, plant and equipment, not yet paid		371,083,088	182,037,824	155,017,743	65,429,999
Purchase of leasehold rights, not yet paid		-	32,670,000	-	32,670,000
Purchases of film rights, not yet paid		96,523,951	76,991,805	-	-
Purchases of property, plant and equipment under finance leases		2,165,912	27,275,529	-	27,275,529
Disposal in a subsidiary by share exchange	14	386,236,855	-	386,236,855	-
Investment in an associate by share exchange	14	-	255,997,761	-	255,997,761
Offsetting disposal of investment with loan to intercompany		-	-	5,763,047	-
Offsetting disposal of investment in associates with loan from intercompany		-	-	364,864,807	-
Offsetting disposal of investment in subsidiaries with amounts due to related parties		-	-	104,954,524	-
Outstanding payable arising from investment in movies under production		23,096,987	-	-	-
Offsetting dividends income with loans from and amounts due to related parties		-	-	32,000,000	392,840,000
Offsetting amounts due to related parties with loans to related parties		-	-	49,955,889	60,485,117
Offsetting assets with loans to related parties		-	-	6,840,894	-

The accompanying notes on pages 9 to 53 are an integral part of these consolidated and company financial statements.

1 General information

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

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

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

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

- Theatre operations
- Advertising and media services
- Bowling and Karaoke services
- Rental and services
- VCD, DVD/Blu-ray and film distribution
- Film production

These consolidated and company financial statements were authorised for issue by the Board of Directors on 25 February 2010.

On 1 July 2009, the Company exchanged 19,999,995 ordinary shares in MVD Co., Ltd. (formerly “Pacific Marketing and Entertainment Group Company Limited”) with the ordinary shares of M Picture Entertainment Public Company Limited (“MPIC”), as explained in Note 14. As a result, the Company’s percentage of ownership in the registered shares of MPIC has changed from 40.81% to 65.93% and MPIC and its subsidiaries become subsidiaries of the Company. Accordingly the Company has consolidated the financial statements of MPIC and its subsidiaries since the transactions date.

2 Accounting policies

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

2.1 Basis for preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting 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. In addition the financial statements of Major Cineplex Lifestyle Leasehold Property Fund, who is an associate have been prepared and presented as in the basis and formats as required by Thai Accounting Standard No. 42 “Accounting for Investment Business”.

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

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

Comparative figures have been adjusted to conform with the minimum of announcement of the Department of Business Development Regulation dated 30 January 2009 in relation to the format of financial statements B.E. 2552, with effective from 1 January 2009.

2 Accounting policies (Cont'd)

2.1 Basis for preparation (Cont'd)

The Group reclassified selling and administrative expenses for 2008 into three categories as follows:

	31 December 2008	
	Consolidated Baht	Company Baht
Selling and administrative expenses		
As previously reported	1,229,712,564	676,192,377
Reclassified to:		
Selling expenses	322,075,286	151,449,050
Administrative expenses	862,110,588	484,525,760
Management's remunerations	45,526,690	40,217,567

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.

2.2 New accounting standard, new financial reporting standards and amendments to accounting standards

Thai Accounting Standards were renumbered with effect from 26 June 2009 following an announcement by the Federation of Accounting Professions in order to conform with the numbers used in the International Financial Reporting Standards.

Revised standards that are effective for the period beginning on or after 1 January 2009 and revised accounting framework.

TAS 36 (revised 2007) Impairment of Assets
 TFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations (formerly TAS 54)
 Accounting Framework (revised 2007) (effective 26 June 2009)

These two standards and accounting framework do not have a material impact on the financial statements being presented.

The revised accounting standards and new accounting standards which are effective for the period beginning on or after 1 January 2011 and 1 January 2012 and which have not been early adopted by the Group are as follows:

Effective for the period beginning on or after 1 January 2011

TAS 24 (revised 2007) Related Party Disclosure (formerly TAS 47)
 TAS 40 Investment Property

Effective for the period beginning on or after 1 January 2012

TAS 20 Accounting for Government Grants and Disclosure for Government Assistance

The Company's management has determined that the revised standard and the new standards will not significantly impact the financial statements being presented.

2 Accounting policies (Cont'd)

2.2 New accounting standard, new financial reporting standards and amendments to accounting standards (Cont'd)

On 26 June 2009, the Federation of Accounting Professions announced two accounting guidelines; Guideline for Business Combination under Common Control and Guideline for Lease Accounting. According to the Guideline for Lease Accounting, the lessee is required to record the leasehold rights as prepayments and amortise them over the contract period. Therefore, the Group reclassified leasehold rights, which were previously presented as intangible assets, as prepaid rents. The impact of the leasehold right reclassification is as follow:

	31 December 2008	
	Consolidated	Company
	Baht	Baht
Current portion of prepaid rents, increase	33,372,285	9,472,507
Long-term portion of prepaid rents, increase	647,063,322	205,477,249
Intangible assets, net decrease	(680,435,607)	(214,949,756)

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

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 considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

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

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

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of income.

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

In the Company's separate financial statements, investments in subsidiaries are reported by using the cost method of accounting. Under the cost method income from investments in subsidiaries will be recorded when dividends are declared.

A list of the Group's principal subsidiaries and the financial effects of the acquisitions and disposals of are shown in Note 14.

2 Accounting policies (Cont'd)

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

b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In the consolidated financial statements, 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. The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of income, and its share of post-acquisition movements in reserves is recognised in fair value reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group, except the following accounting policy.

Investments in properties of Major Cineplex Lifestyle Leasehold Property Fund, which is an associate, are stated at fair value. At the subsequent balance sheet dates they are presented at fair value which is based on appraisal value by independent valuers approved by the Securities and Exchange Commission. The Management Company will conduct appraisal of properties every two years from the date of the appraisal for purchase or lease of the properties and will conduct a review of appraisal every year after the date of the latest appraisal. The Management Company will not appoint any Appraiser to appraise the property or leased property for more than 2 consecutive times.

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 14.

c) Interests in joint venture

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 recognised interest in joint venture which included goodwill (net of accumulated amortisation). The Group's share of its joint venture's post-acquisition profits or losses is recognised in the consolidated statement of income, and its share of post-acquisition movements in reserves is recognised in fair value reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the interest in joint venture. When the Group's share of losses in joint venture equals or exceeds 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 venture.

In the Company's separate financial statements, the cost method is applied to account for interests in joint venture.

A list of the Group's joint venture and the financial effects of the acquisitions and disposals of joint venture are shown in Note 14.

2 Accounting policies (Cont'd)

2.4 Foreign currency translation

Items included in the financial statements of each entity in the Group are measured using Thai Baht. The consolidated financial statements are presented in Thai Baht.

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

2.5 Financial instruments

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

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.7 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 statement of income within administrative expenses.

2.8 Inventories and films under production

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

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

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 Accounting policies (Cont'd)

2.9 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.

Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investments. Cost of investment includes transaction cost.

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

Fair value of marketable equity securities is calculated by reference to the purchasing prices quoted by the Stock Exchange of Thailand at the close of business on the balance sheet date. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of income as gains and losses from investment in securities.

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

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

2.10 Property, plant and equipment

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

Buildings	20 years
Theatres	10, 20 years and the lease contracts periods
Buildings and theatres improvements	10, 20 years and the lease contracts periods
Utility system	5, 10, 15 years
Tools and equipment	5, 10, 15, 20 years
Furniture and fixtures	5 years
Office equipment	5 years
Motor vehicles (including vehicles under finance leases)	5 years

2 Accounting policies (Cont'd)

2.10 Property, plant and equipment (Cont'd)

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

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

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

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of cost of the asset, during the period of time required to complete and prepare the property for its intended use. The borrowing costs include interest on bank overdrafts and short-term and long-term borrowings, and related taxes. All other borrowing costs are expenses.

2.11 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary or associated undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is reported in the consolidated balance sheet as an intangible asset. Goodwill on acquisitions of associates is included in investments in associates and is tested for impairment as part of the overall balance.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

Excess of the fair value of an acquisition over the cost of the Group's share of the net assets of the acquired subsidiary or associated undertaking at the date of acquisition is recognised in the statement of income.

2.12 Other intangible assets

Film rights

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

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 Accounting policies (Cont'd)

2.13 Prepaid rents

Prepaid rents represent land lease rights and leasehold rights of buildings are initially recognised at costs and amortised as expense over the lease periods.

2.14 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.

2.15 Leases - where a Group Company is the lessee

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

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

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Leases - where a Group Company 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.

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.16 Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred and subsequently stated at cost.

2 Accounting policies (Cont'd)

2.17 Employee benefits

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

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

2.18 Provisions

Provisions, excluding the provisions relating to employee benefits, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain.

2.19 Provision for goods returns

Provision for goods returns in relation 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.

2.20 Revenue recognition

Revenues of the Group consist principally admissions, concession sales, advertising services, bowling and Karaoke services, rental and services, 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 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 are 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 Accounting policies (Cont'd)

2.21 Income tax

The Group calculates income tax in accordance with the Revenue Code and records income tax on an accrual basis.

The Group does not recognise income taxes payable or receivable in future periods in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from amortisation of film rights.

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.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects from change of foreign currency exchange rates, interest rates and non-performance of contractual obligations by counterparties. Risk management is carried out by Group Management. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

3.1.1 Interest rate risk

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

3.1.2 Foreign exchange risk

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

3.1.3 Credit risk

The Group has no significant concentrations of credit risks due to the large number of customer from which the income is 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 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

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 liabilities with a maturity of less than one year are approximate their fair values. Long-term borrowings and loans made with related parties carried an interest at the market interest rate. Management 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 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.

4.2 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.

4.3 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.

4.4 Valuation of films under production

The cost of films 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.

4 Critical accounting estimates, assumptions and judgements

4.5 Revenue/amortisation of film rights

Film rights are amortised and recognised to cost of sales of film rights at the ratio relating to the expected revenue earned from each of the revenue-generated channel over the lifetime of rights. The expected revenue-generated from each channel which used for calculating the amortisation ratio is estimated by management and based on historical information and experience.

4.6 Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of management estimates.

4.7 Property, plant and equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different from previously estimation, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

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 estimate

The management of a subsidiary has reviewed the amortisation of film rights through VCD/DVD channel and revised the ratio of film right amortisation from 1 July 2009 to reflect the expected revenue earned from such channel. Consequently, cost of film right recognised during the year in the consolidated financial statements would be decreased as per detailed below.

	Before change in accounting estimate Baht	After change in accounting estimate Baht
Amortisation for the year ended 31 December 2009	78,472,109	47,711,294

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

7 Segment information

Financial information by business segment is as follows:-

	Consolidated						Unit: Million Baht
	Cinema business	Advertising business	Bowling and Karaoke business	Rental and services	VCD/DVD and film rights distribution	Film production	Consolidated
For the year ended 31 December 2009							
Revenues							
- Gross segment revenues	4,159	414	582	525	835	18	6,533
- Inter segment revenues	(653)	(27)	(50)	(45)	(49)	(7)	(831)
Net revenues	3,506	387	532	480	786	11	5,702
Segment result	213	232	7	209	(1)	(27)	633
Unallocated costs							(236)
Operating profit							397
Gain on disposal of investment							99
Share of profit of associates and joint venture							57
Interest expense							(133)
Profit before income tax							420
Income tax							(93)
Net profit							327
Segment fixed assets	3,478	18	859	1,337	13	4	5,709
Investment in associates and interest in joint venture							1,518
Unallocated assets							4,042
Consolidated total assets							11,269
Impairment							23

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

7 Segment information (Cont'd)

	Consolidated					Unit: Million Baht	
	Cinema business	Advertising business	Bowling and Karaoke business	Rental and services	VCD/DVD and film rights distribution	Film production	Consolidated
For the year ended 31 December 2008							
Revenues							
Gross segment revenues	4,389	648	679	445	641	-	6,802
Inter segment revenues	(1,218)	-	(38)	(82)	(25)	-	(1,363)
Net revenues	3,171	648	641	363	616	-	5,439
Segment result	176	549	53	104	(17)	-	865
Gain on disposals of property, plant and equipment							98
Unallocated costs							(203)
Operating profit							760
Gain on disposal of investment							114
Share of profit of associates and joint venture							115
Interest expense							(88)
Profit before income tax							901
Income tax							(258)
Net profit							643
Segment fixed assets	3,413	21	865	630	4		4,933
Investment in associates and interest in joint venture							1,536
Unallocated assets							3,190
Consolidated total assets							9,659
Impairment							9

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

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	
	2009	2008	2009	2008
Cash on hand	44,324,444	49,354,689	26,672,330	27,878,141
Deposits held at call with banks	437,682,116	192,033,388	294,684,843	78,980,117
Fixed accounts	8,974	-	-	-
Government bonds	50,000,000	-	50,000,000	-
Cash and cash equivalents	532,015,534	241,388,077	371,357,173	106,858,258

The effective interest rates on short-term bank deposit are ranging from 0.15% to 0.75% per annum (2008: 0.75% to 2.50% per annum).

Government bond is Bank of Thailand Bond amounting to Baht 50 million, bears interest at 1.184% per annum. The maturity is 3 months, which will be due on 10 February 2010.

9 Investments

	Unit: Baht	
	Consolidated and Company	
	2009	2008
Current	-	170,444,423
Non-current	30,210,042	-
	30,210,042	170,444,423

Current

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

	Unit: Baht	
	Consolidated and Company	
	2009	2008
Opening book value	170,444,423	302,904,317
Additions	1,820,000,000	510,000,000
Disposals	(1,990,000,000)	(642,904,317)
Unrealised loss recognised in equity	-	444,423
Realised gain recognised in profit and loss	(444,423)	-
Closing book value	-	170,444,423

The Company disposed all short-term investment during the year and recognised gain on disposal of Baht 3.04 million (2008: Baht 6.7 million).

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

9 Investments (Cont'd)

Non-current

Movements of non-current investment are as follows:

	Unit: Baht			
	Consolidated		Company	
	2009	2008	2009	2008
Opening book value	-	-	-	-
Classification of investment in associate as available-for-sale	34,983,440	-	35,340,049	-
Change in fair value of investment	(4,773,398)	-	(5,130,007)	-
Closing book value	30,210,042	-	30,210,042	-

Non-current investment is investment in California Wow Experience Public Company Limited ("CAWOW"). The Company does not have controls and significant influence over operations since the disposal date. Consequently, the Company reclassified remaining investment in CAWOW as available-for-sale (Note 14).

10 Trade accounts receivable, net

	Unit: Baht			
	Consolidated		Company	
	2009	2008	2009	2008
Trade accounts receivable				
- third parties	732,898,352	1,110,269,595	62,910,191	105,750,182
- related parties (Note 33)	28,798,918	7,573,881	311,770,894	231,702,137
Unbilled revenue				
- third parties	84,787,674	17,107,078	-	-
Total	846,484,944	1,134,950,554	374,681,085	337,452,319
<u>Less</u> Allowance for doubtful accounts	(52,754,789)	(19,595,453)	-	-
Trade accounts receivable, net	793,730,155	1,115,355,101	374,681,085	337,452,319

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

	Unit: Baht			
	Consolidated		Company	
	2009	2008	2009	2008
Unbilled revenue	84,787,674	17,107,078	-	-
Trade accounts receivable				
Current	530,932,481	451,166,907	82,405,521	169,363,430
Overdue less than 3 months	102,787,092	182,627,654	66,448,810	53,088,087
3 - 6 months	21,365,033	342,689,404	21,503,550	42,152,830
Over 6 months	106,612,664	141,359,511	204,323,204	72,847,972
Total	846,484,944	1,134,950,554	374,681,085	337,452,319
<u>Less</u> Allowance for doubtful accounts	(52,754,789)	(19,595,453)	-	-
Trade accounts receivable, net	793,730,155	1,115,355,101	374,681,085	337,452,319

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

11 Inventories, net

	Unit: Baht			
	Consolidated		Company	
	2009	2008	2009	2008
Foods and beverages	30,100,785	25,948,803	15,651,126	14,269,377
VCD and DVD	78,095,827	92,998,958	-	-
Supplies	21,871,571	30,383,901	8,261,828	17,862,278
Inventories held for sale	56,586,963	-	-	-
	<u>186,655,146</u>	<u>149,331,662</u>	<u>23,912,954</u>	<u>32,131,655</u>
<u>Less</u> Allowance for obsolescence and diminution in value of inventories	(16,435,374)	(24,764,231)	-	-
	170,219,772	124,567,431	23,912,954	32,131,655
Goods in transit	7,790,433	7,538,910	-	-
	<u>178,010,205</u>	<u>132,106,341</u>	<u>23,912,954</u>	<u>32,131,655</u>

Reversal of allowance for obsolescence was recognised in the consolidated statement of income amounting to Baht 2,462,131 (2008: recognised an allowance amounting to Baht 6,508,074).

12 Other receivable

On 28 September 2009, Major Cinead Ltd., a subsidiary of the Company (“the Seller”) entered into a “Factoring Agreement” with a factoring company (“the Buyer”). The Seller disposed a group of trade accounts receivable amounting to Baht 208.35 million to the Buyer at the consideration of Baht 187.51 million. On the agreement date, the Buyer made cash payment amounting to Baht 50.51 million to the Seller. The remaining amount will be paid by 7 monthly instalments, at Baht 20 million per month with the last instalment on 26 April 2010 at Baht 17 million. The Buyer does not have any right to claim back payments which have been made to the Seller.

13 Other current assets

	Unit: Baht			
	Consolidated		Company	
	2009	2008	2009	2008
Value added tax receivable	177,388,894	206,965,315	25,309,138	54,533,032
Other accounts receivable	35,415,228	27,370,369	4,324,725	25,588,755
Prepaid expenses	43,035,329	32,373,698	12,670,061	12,987,768
Withholding tax deducted at sources	25,588,496	104,448	49,211	86,120
Others	105,195,407	28,079,667	68,045,828	11,130,912
	<u>386,623,354</u>	<u>294,893,497</u>	<u>110,398,963</u>	<u>104,326,587</u>

14 Investments in subsidiaries and associates and interests in joint venture

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

Investment in subsidiaries

	Unit: Baht	
	Company	
	2009	2008
Investment in subsidiaries	1,878,640,243	1,680,680,317
Less Allowance for impairment	(18,000,000)	(18,100,000)
Investment in subsidiaries - net	<u>1,860,640,243</u>	<u>1,662,580,317</u>
		Unit: Baht
		Company
Opening net book amount		1,662,580,317
Acquisition		490,136,265
Increase from change status from associate to subsidiary		270,333,010
Disposal		<u>(562,409,349)</u>
Closing net book amount		<u><u>1,860,640,243</u></u>

Acquisitions and disposals of investments

EGV Five Star Co., Ltd.

During 2009, EGV Entertainment Public Company Limited (“EGV”) which is a subsidiary has acquired 400,000 ordinary shares, representing 10% of paid-up share capital in EGV Five Star Co., Ltd. (“EGVF”) from a minority at Baht 12.50 per share, for a total consideration of Baht 5 million. As a result of this acquisition, the Company owns 99.99% of EGVF’s registered shares capital. The fair value of EGVF’s net assets acquired on the acquisition date was Baht 5.02 million. Negative goodwill arisen from this acquisition is Baht 0.02 million has been recognised under “other income” in the consolidated statement of income.

14 Investments in subsidiaries and associates and interests in joint venture (Cont'd)

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

Investment in subsidiaries (Cont'd)

M Pictures Entertainment Public Company Limited

On 1 July 2009, the Company sold all 19,999,995 ordinary shares in MVD Co., Ltd. ("MVD") (formerly "Pacific Marketing and Entertainment Group Co., Ltd.") to M Pictures Entertainment Public Company Limited ("MPIC"). The selling price is Baht 19.60 per share for a total consideration of Baht 392 million, resulting in a gain of Baht 123.10 million in the Company financial statements (cost method). The Company has also acquired 275,883,475 ordinary shares of MPIC at the price of Baht 1.40 per share, for consideration of Baht 386.24 million, by exchange of ordinary shares of MVD at the fair value of Baht 392 million and receive payment by cash of Baht 5.76 million. The percentage of shareholding in MPIC has changed from 40.81% to 65.93% after completion of these transactions. In the consolidated financial statements, gain on disposal of investment in MVD amounting to Baht 89.57 million, has been recognised to the extent of third parties' holding in MPIC, with the Company's own portion of gain was eliminated with goodwill arisen from acquisition of MPIC.

Details of disposal are as follows:

	Unit: Baht'000	
Consideration received in form of shares	386,237	
Consideration received in form of cash	5,763	392,000
Fair value of net assets of MVD		(129,087)
Gain from disposal of investment - equity method		262,913
Percentage of third parties' holding		34.07%
Gain from disposals of investment in the consolidated financial statements		<u>89,574</u>

The net book values of the identifiable assets and liabilities transferred from MPIC on the acquisition date which are included in the consolidated financial statements are as follows:

	Unit: Baht'000
Cash and cash equivalents	510
Current assets	196,926
Non-current assets	377,296
Current liabilities	(363,953)
Non-current liabilities	<u>(5,885)</u>
Net book value of net assets	<u>204,894</u>

Disposal of investments in subsidiaries

On 29 September 2009, the Company disposed its interests of 39.61% in EGV Entertainment Public Company Limited ("EGV") which is a subsidiary to Major Cineplex Services Co., Ltd., Chiangmai Cineplex Co., Ltd., Ratchayothin Management Co., Ltd., and Ratchayothin Realty Co., Ltd., which are subsidiaries. Gain from disposal of investment amounting to Baht 176 million has been recognised in the Company statement of income.

14 Investments in subsidiaries and associates and interests in joint venture (Cont'd)

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

Investments in associates

	Unit: Baht	
	<u>Consolidated</u>	<u>Company</u>
For the year ended 31 December 2009		
Opening net book amount	1,506,765,502	1,687,896,576
Acquisitions	148,390,890	148,390,890
Decrease from change status from associate to subsidiary	(92,533,267)	(270,333,010)
Disposals	(32,755,870)	(115,027,354)
Decrease from change status from associate to available-for-sale	(34,983,440)	(122,849,814)
Dividends received	(73,600,300)	-
Share of results	50,663,130	-
	<u>1,471,946,645</u>	<u>1,328,077,288</u>
Closing net book amount		

Gain on disposals of assets to Major Cineplex Lifestyle Leasehold Property Fund will be realised on the straight-line basis over the lease contracts periods of the buildings leased out to the Property Fund in 2007. During 2009, the Group realised gain on disposals to the consolidated statement of income of Baht 11.17 million (2008: Baht 13.90 million).

As at 31 December 2009, investment in associates included net book value of goodwill in the consolidated financial statements amounting to Baht 44.12 million (2008: Baht 390 million).

Additional investment in associate

Siam Future Development Public Company Limited (“SF”)

On 16 July 2009, the Company has acquired 124 million newly issued ordinary shares of Siam Future Development Public Company Limited at Baht 1.20 per share, for the consideration of Baht 148.4 million. Purpose of this acquisition is to maintain the interest of 24.10% in SF’s registered shares.

Disposal of investments in associate

California WOW Experience Public Company Limited (“CAWOW”)

During November 2009, the Company disposed its investment in CAWOW to 19% of holding interest. The Company recognised loss from disposal amounting to Baht 75.41 million and impairment loss amounting to Baht 87.51 million in the Company statement of income and recognised gain from disposal of investment amounting to Baht 6.86 million in the consolidated statement of income.

After the disposal on 14 November 2009, the Company does not have control nor significant influence on CAWOW’s operations. Therefore, CAWOW is no longer an associate of the Group. The Company classified remaining investment in CAWOW as available-for-sale (Note 9) and recognised unrealised loss from change in fair value in shareholders’ equity.

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

14 Investments in subsidiaries and associates and interests in joint venture (Cont'd)

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

Interest in joint venture

	Unit: Baht	
	Consolidated	Company
Opening book amount	29,507,045	35,407,445
Investment in joint venture	10,112,330	10,112,330
Share of result	6,528,660	-
Closing book amount	46,148,035	45,519,775

PVR bluO Entertainment Co., Ltd. (“PVR bluO”)

On 24 February 2009, the Company additionally invested in PVR bluO of 1,225,000 shares at Rupee 10 equivalent to Baht 8.25, totalling Baht 10.12 million.

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

	Nature of business	Nature of relationship	% Ownership interest	
			2009	2008
Subsidiaries				
Major Cineplex Property Co., Ltd.	Building space for rent	Shareholder	99.99	99.99
Major Cineplex Services Co., Ltd.	Utility services	Shareholder	99.99	99.99
Chiangmai Cineplex Co., Ltd.	Cinema services	Shareholder	99.99	99.99
Ratchayothin Management Co., Ltd.	Utility services	Shareholder	99.99	99.99
Ratchayothin Cinema Co., Ltd.	Cinema services	Shareholder	99.99	99.99
Ratchayothin Realty Co., Ltd.	Building space for rent	Shareholder	99.99	99.99
Major Bowl Group Co., Ltd.	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
Udorn 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 (“EGV”)	Cinema services	Shareholder	60.36	99.97
		Indirect shareholding	39.61	-
M Pictures Entertainment Public Company Limited (“MPIC”)	Publishing, advertising and distribution of film rights	Shareholder	65.93	40.81
Subsidiaries under EGV				
Entertain Golden Village Exhibition Co., Ltd.	Cinema services, advertising services	Indirect shareholding	99.96	99.96
EGV Exhibition Co., Ltd.	Cinema services, advertising services, area for rent	Indirect shareholding	99.96	99.96
EGV Five Star Co., Ltd.	Cinema services, advertising services	Indirect shareholding	99.96	89.97
Exertainment Co., Ltd.	Dormant	Indirect shareholding	59.98	59.98

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

14 Investments in subsidiaries and associates and interests in joint venture (Cont'd)

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

	Nature of business	Nature of relationship	% Ownership interest	
			2009	2008
Subsidiaries under MPIC				
TV Forum Co., Ltd.	Television media	Indirect	65.92	40.81
M Pictures Co., Ltd.	Distribution of film rights for cinema services, VCD/DVD production and TV broadcast	Shareholding Indirect shareholding	65.92	40.81
M.V.D. Co., Ltd. ("MVD") (formerly "Pacific Marketing and Entertainment Group Co., Ltd. ("PMEG"))	Distribution of VCD/DVD and film rights	Indirect shareholding Shareholding	65.92 -	- 96.99
Subsidiaries under MVD				
Pacific Media Sale Co., Ltd.	Distribution of tape, CD, VDO, VCD and DVD	Indirect shareholding	65.53	96.41
M Thirtynine Co., Ltd.	Studio film production	Indirect shareholding	65.92	-
Associates				
Siam Future Development Public Company Limited ("SF") Ratchayothin Avenue Co., Ltd.	Rental of building space and utilities services	Shareholder	24.10	24.10
	Rental of building space and utilities services	Shareholder Indirect shareholding via Siam Future	50.00 12.05	50.00 12.05
Major Cineplex Lifestyle Leasehold Property Fund Thaiticketmajor Co., Ltd.	Rental of building and utilities services Agent for selling of tickets	Shareholder Shareholder	33.00 40.00	33.00 40.00
Joint venture				
PVR bluO Entertainment Limited	Bowling, karaoke and entertainment services	Shareholder	49.00	49.00

All subsidiaries and associates are incorporated in Thailand except the joint venture which is incorporated in India. All holdings are investments in ordinary shares and investment unit in the Property Fund.

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

14 Investments in subsidiaries and associates and interests in joint venture (Cont'd)

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

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

	<u>Assets</u> <u>Baht</u>	<u>Liabilities</u> <u>Baht</u>	<u>Revenues</u> <u>Baht</u>	<u>Profit/(loss)</u> <u>Baht</u>	<u>% Ownership</u> <u>interest</u>
Year ended 31 December 2009					
<u>Associates</u>					
Siam Future Development Public Company Limited	2,073,637,431	1,359,655,001	377,094,103	43,830,442	24.10
Ratchayothin Avenue Company Limited	562,807,978	394,603,630	69,974,613	1,123,877	50.00
			Indirect shareholding via SF		12.05
Major Cineplex Lifestyle Leasehold Property Fund	908,339,943	16,706,351	106,534,833	78,733,371	33.00
Thaiticketmajor Company Limited	58,665,546	43,312,371	35,344,923	5,177,482	40.00
Year ended 31 December 2008					
<u>Associates</u>					
California Wow Experience Public Company Limited	697,874,209	548,204,855	648,200,119	(42,413,669)	36.79
Siam Future Development Public Company Limited	1,526,752,396	1,068,177,500	360,684,760	79,787,906	24.10
Ratchayothin Avenue Company Limited	569,085,753	421,876,742	174,229,923	107,084,693	50.00
			Indirect shareholding via SF		12.05
Major Cineplex Lifestyle Leasehold Property Fund	911,389,761	17,722,717	98,807,135	76,643,747	33.00
Thaiticketmajor Company Limited	30,405,932	16,230,240	33,236,800	6,078,804	40.00
M Pictures Entertainment Public Company Limited	246,554,037	161,222,245	113,583,049	(108,166,906)	40.81

14 Investments in subsidiaries and associates and interests in joint venture (Cont'd)

c) Provision for liabilities on losses in subsidiaries

The subsidiaries, EGV Entertainment Public Company Limited has provided a guarantee for Exertainment Co., Ltd.'s bank loans amounting to Baht 21.60 million (2008: Baht 43.4 million) and MVD Co., Ltd. (formerly Pacific Marketing and Entertainment Group Co., Ltd.) has provided loans to Pacific Media Sales Co., Ltd., indirect shareholding amounting to Baht 60.1 million (2008: Baht 60.4 million).

As at 31 December 2009, Exertainment Co., Ltd. ("EXER") has negative shareholders' equity amounting to Baht 115.03 million (2008: Baht 117.5 million). The Company has recognised a provision for liabilities arisen from EXER in respect of the guarantee obligation and the possible loans losses as aforementioned.

The movements of provision for liabilities on losses in such companies for the years ended 31 December 2009 and 2008 are as follows:

	Unit: Baht	
	Company	
	2009	2008
Opening balance	124,713,325	60,737,656
Additional provisions	4,802,727	63,975,669
Disposal of subsidiaries	(58,658,631)	-
Reversal of provision	(21,600,000)	-
Closing balance	<u>49,257,421</u>	<u>124,713,325</u>

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

15 Property, plant and equipment, net

	Consolidated							Unit: Baht	
	Land	Building and building improvements	Theatre and theatre improvements	Utility system	Tools, equipment and fixtures	Office equipment	Motor vehicles	Construction in progress	Total
At 1 January 2008									
Cost	208,316,998	418,866,647	2,881,323,577	626,369,927	3,256,601,220	270,870,453	37,478,048	246,217,309	7,946,044,179
Less Accumulated depreciation	-	(138,658,538)	(908,796,869)	(331,074,249)	(1,609,792,290)	(180,997,237)	(16,776,083)	-	(3,186,095,266)
Allowance for impairment	-	-	-	(784,866)	-	-	-	-	(784,866)
Net book value	<u>208,316,998</u>	<u>280,208,109</u>	<u>1,972,526,708</u>	<u>294,510,812</u>	<u>1,646,808,930</u>	<u>89,873,216</u>	<u>20,701,965</u>	<u>246,217,309</u>	<u>4,759,164,047</u>
For the year ended 31 December 2008									
Opening net book value	208,316,998	280,208,109	1,972,526,708	294,510,812	1,646,808,930	89,873,216	20,701,965	246,217,309	4,759,164,047
Additions	-	52,092,206	104,182,448	77,890,815	229,533,120	24,926,145	6,474,159	367,825,831	862,924,724
Transfer	-	163,977,428	67,959,846	31,748,369	57,686,175	90,369	-	(321,462,187)	-
Reclassification	-	-	(14,564,020)	-	4,758,300	9,805,720	-	-	-
Disposals of investment in a subsidiary	-	-	-	-	(1,249,010)	(3,038,326)	(2,447,108)	-	(6,734,444)
Disposals, net	-	(15,525)	(363,572)	(6,498,031)	(6,840,194)	(87,087)	(1,349,871)	-	(15,154,280)
Write-off, net	-	(39,782,256)	(36,864,629)	(121,531)	(4,145,469)	(6,425)	-	-	(80,920,310)
Depreciation charge	-	(23,873,778)	(179,442,669)	(38,251,189)	(300,041,626)	(33,431,932)	(5,282,442)	-	(580,323,636)
Impairment charge	-	-	-	-	(6,108,258)	(170,821)	-	-	(6,279,079)
Closing net book value	<u>208,316,998</u>	<u>432,606,184</u>	<u>1,913,434,112</u>	<u>359,279,245</u>	<u>1,620,401,968</u>	<u>87,960,859</u>	<u>18,096,703</u>	<u>292,580,953</u>	<u>4,932,677,022</u>
At 31 December 2008									
Cost	208,316,998	593,232,392	2,983,884,816	711,670,069	3,437,372,875	300,199,179	33,138,204	292,580,953	8,560,395,486
Less Accumulated depreciation	-	(160,626,208)	(1,070,450,704)	(352,390,824)	(1,810,862,649)	(212,067,499)	(15,041,501)	-	(3,621,439,385)
Allowance for impairment	-	-	-	-	(6,108,258)	(170,821)	-	-	(6,279,079)
Net book value	<u>208,316,998</u>	<u>432,606,184</u>	<u>1,913,434,112</u>	<u>359,279,245</u>	<u>1,620,401,968</u>	<u>87,960,859</u>	<u>18,096,703</u>	<u>292,580,953</u>	<u>4,932,677,022</u>

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

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

	Consolidated							Unit: Baht	
	Land	Building and building improvements	Theatre and theatre improvements	Utility system	Tools, equipment and fixtures	Office equipment	Motor vehicles	Construction in progress	Total
For the year ended 31 December 2009									
Opening net book value	208,316,998	432,606,184	1,913,434,112	359,279,245	1,620,401,968	87,960,859	18,096,703	292,580,953	4,932,677,022
Additions	-	18,358,143	68,939,788	52,952,427	183,053,261	17,905,649	3,738,377	1,172,108,474	1,517,056,119
Increase from change status from associate to subsidiary	-	5,699,529	-	-	5,716,143	1,403,076	-	-	12,818,748
Transfer	-	750,762,922	178,736,451	227,301,399	132,361,005	(105,392)	-	(1,289,056,385)	-
Transfer assets to inventory	-	-	-	-	-	-	-	(63,196,982)	(63,196,982)
Reclassification	-	-	-	-	(25,701)	-	25,701	-	-
Disposals, net	-	-	-	(873,055)	(1,613,311)	(40,764)	(2,361,448)	-	(4,888,578)
Write-off, net	-	-	(90,407)	(1,094,650)	(28,995,241)	(238,671)	-	(1,489,350)	(31,908,319)
Depreciation charge	-	(39,477,519)	(191,942,414)	(43,338,239)	(314,966,689)	(34,916,490)	(5,667,062)	-	(630,308,413)
Impairment charge	-	-	(21,000,000)	-	(1,998,288)	-	-	-	(22,998,288)
Closing net book value	208,316,998	1,167,949,259	1,948,077,530	594,227,127	1,593,933,147	71,968,267	13,832,271	110,946,710	5,709,251,309
At 31 December 2009									
Cost	208,316,998	1,371,318,457	3,231,470,649	989,512,220	3,734,785,431	322,277,471	29,691,391	110,946,710	9,998,319,327
Less: Accumulated depreciation	-	(203,369,198)	(1,262,393,119)	(395,285,093)	(2,132,745,738)	(250,138,383)	(15,859,120)	-	(4,259,790,651)
Allowance for impairment	-	-	(21,000,000)	-	(8,106,546)	(170,821)	-	-	(29,277,367)
Net book value	208,316,998	1,167,949,259	1,948,077,530	594,227,127	1,593,933,147	71,968,267	13,832,271	110,946,710	5,709,251,309

As at 31 December 2009, the costs of fully depreciated property and equipment that are still in use are amounting to Baht 1,512.31 million (2008: Baht 1,163.37 million).

Additions during 2009 include of assets acquired under finance lease agreements Baht 2.17 million (2008: Baht 27.28 million)

Properties with the net book value amounting to Baht 556.31 million (2008 : Baht 572.14 million) are pledged as collateral for bank borrowings (Note 20).

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

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

	Company						Unit: Baht	
	Land	Building, theatre and theatre improvements	Utility system	Tools, equipment and fixtures	Office equipment	Vehicles	Construction in progress	Total
At 1 January 2008								
Cost	173,406,998	1,245,392,828	122,972,020	1,040,633,463	106,586,350	19,929,500	56,816,520	2,765,737,679
<u>Less</u> Accumulated depreciation	-	(396,408,993)	(36,555,124)	(501,464,409)	(47,453,970)	(8,787,272)	-	(990,669,768)
Net book value	173,406,998	848,983,835	86,416,896	539,169,054	59,132,380	11,142,228	56,816,520	1,775,067,911
For the year ended 31 December 2008								
Opening net book value	173,406,998	848,983,835	86,416,896	539,169,054	59,132,380	11,142,228	56,816,520	1,775,067,911
Additions	-	153,114,184	68,665,133	145,820,663	17,332,788	6,474,159	185,176,789	576,583,716
Transfer	-	103,208,292	30,467,424	53,551,654	-	-	(187,227,370)	-
Write-off, net	-	(36,493,096)	(121,531)	(4,137,295)	-	-	-	(40,751,922)
Disposals, net	-	(15,102)	(6,340,138)	(8,177,700)	(190,339)	(1,349,870)	(8,847,376)	(24,920,525)
Depreciation charge	-	(86,926,139)	(12,348,140)	(118,547,989)	(18,912,272)	(3,068,931)	-	(239,803,471)
Closing net book value	173,406,998	981,871,974	166,739,644	607,678,387	57,362,557	13,197,586	45,918,563	2,046,175,709
At 31 December 2008								
Cost	173,406,998	1,434,284,917	198,753,746	1,188,326,108	123,420,868	20,255,659	45,918,563	3,184,366,859
<u>Less</u> Accumulated depreciation	-	(452,412,943)	(32,014,102)	(580,647,721)	(66,058,311)	(7,058,073)	-	(1,138,191,150)
Net book value	173,406,998	981,871,974	166,739,644	607,678,387	57,362,557	13,197,586	45,918,563	2,046,175,709
For the year ended 31 December 2009								
Opening net book value	173,406,998	981,871,974	166,739,644	607,678,387	57,362,557	13,197,586	45,918,563	2,046,175,709
Additions	-	61,441,227	26,862,846	100,774,452	11,209,707	37,600	256,872,988	457,198,820
Transfer	-	175,457,288	55,821,518	70,410,768	98,100	-	(301,787,674)	-
Write-off, net	-	-	-	(4,968,472)	-	-	-	(4,968,472)
Disposals, net	-	-	(868,839)	(699,066)	(33)	-	-	(1,567,938)
Depreciation charge	-	(95,601,714)	(16,055,217)	(131,283,267)	(22,364,282)	(3,784,004)	-	(269,088,484)
Closing net book value	173,406,998	1,123,168,775	232,499,952	641,912,802	46,306,049	9,451,182	1,003,877	2,227,749,635
At 31 December 2009								
Cost	173,406,998	1,671,183,432	280,488,110	1,351,769,103	134,094,630	20,293,259	1,003,877	3,632,239,409
<u>Less</u> Accumulated depreciation	-	(548,014,657)	(47,988,158)	(709,856,301)	(87,788,581)	(10,842,077)	-	(1,404,489,774)
Net book value	173,406,998	1,123,168,775	232,499,952	641,912,802	46,306,049	9,451,182	1,003,877	2,227,749,635

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

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

As at 31 December 2009, the costs of fully depreciated property and equipment that are still in use are amounting to Baht 304.91 million (2008: Baht 291.62 million).

Additions during 2009 does not include of assets acquired under finance lease agreements (2008: Bath 27.28 million).

Properties with the net book value amounting to Baht 350.54 million (2008: Baht 366.37 million) are pledged as collateral for bank borrowings (Note 20).

Leased assets included above, where the Group and the Company is a lessee under a finance lease, comprise lease space, motor vehicles and computer equipment:

	Unit: Baht			
	Consolidated		Company	
	2009	2008	2009	2008
Cost - capitalised finance leases	23,844,092	66,263,943	22,221,571	58,675,531
<u>Less</u> Accumulated depreciation	(3,127,997)	(16,395,811)	(2,252,667)	(12,591,518)
Net book amount	<u>20,716,095</u>	<u>49,868,132</u>	<u>19,968,904</u>	<u>46,084,013</u>

16 Goodwill, net

	Unit: Baht
	Consolidated
At 1 January 2008	
Cost	156,605,798
<u>Less</u> Accumulated amortisation	(74,831,343)
Net book value	<u>81,774,455</u>
For the year ended 31 December 2008	
Opening net book value	81,774,455
Additions	2,257,537
Closing net book value	<u>84,031,992</u>
At 31 December 2008	
Cost	158,863,335
<u>Less</u> Accumulated amortisation	(74,831,343)
Net book value	<u>84,031,992</u>
For the year ended 31 December 2009	
Opening net book value	84,031,992
Additions	92,034,438
Increase from change status from associate to subsidiary (Note 14)	167,358,208
Disposals of investment in a subsidiary (Note 14)	(5,016,377)
Closing net book value	<u>338,408,261</u>
At 31 December 2009	
Cost	413,239,604
<u>Less</u> Accumulated amortisation	(74,831,343)
Net book value	<u>338,408,261</u>

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

17 Intangible assets, net

	Unit: Baht		
	Consolidated		
	Film rights	Computer program	Total
At 31 December 2008			
Cost	815,513,625	983,128	816,496,753
<u>Less</u> Accumulated amortisation	(496,004,392)	(726,317)	(496,730,709)
Allowance for impairment	(9,438,010)	-	(9,438,010)
Net book value	<u>310,071,223</u>	<u>256,811</u>	<u>310,328,034</u>
For the year ended 31 December 2008			
Opening net book value	310,071,223	256,811	310,328,034
Additions	319,489,715	2,012,511	321,502,226
Disposals of investment in a subsidiary (Note 14)	(144,149,496)	-	(144,149,496)
Amortisation	(351,152,239)	(257,430)	(351,409,669)
Impairment charge	(2,486,878)	-	(2,486,878)
Closing net book value	<u>131,772,325</u>	<u>2,011,892</u>	<u>133,784,217</u>
At 31 December 2008			
Cost	990,853,844	2,995,639	993,849,483
<u>Less</u> Accumulated amortisation	(847,156,631)	(983,747)	(848,140,378)
Allowance for impairment	(11,924,888)	-	(11,924,888)
Net book value	<u>131,772,325</u>	<u>2,011,892</u>	<u>133,784,217</u>
For the year ended 31 December 2009			
Opening net book value	131,772,325	2,011,892	133,784,217
Additions	649,050,161	12,053,296	661,103,457
Increase from change status from associate to subsidiary (Note 14)	195,994,837	1,789,170	197,784,007
Amortisation	(471,134,930)	(613,951)	(471,748,881)
Write-off, net	(3,671,268)	-	(3,671,268)
Impairment charge	(16,558,707)	-	(16,558,707)
Closing net book value	<u>485,452,418</u>	<u>15,240,407</u>	<u>500,692,825</u>
At 31 December 2009			
Cost	1,747,312,792	16,838,105	1,764,150,897
<u>Less</u> Accumulated amortisation	(1,241,809,161)	(1,597,698)	(1,243,406,859)
Allowance for impairment	(20,051,213)	-	(20,051,213)
Net book value	<u>485,452,418</u>	<u>15,240,407</u>	<u>500,692,825</u>

The Company reclassified the leasehold rights to be prepaid rents, as discussed in Note 2.

Intangible assets in the Company's financial statements represents computer software under installation amounting to Baht 11,803,297. Its installation is expected to be completed in 2010.

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

18 Prepaid rents

	Unit: Baht	
	Consolidated	Company
At 1 January 2008		
Cost	746,858,266	205,907,878
<u>Less</u> Accumulated amortisation	<u>(80,968,951)</u>	<u>(14,653,048)</u>
Net book value	<u>665,889,315</u>	<u>191,254,830</u>
For the year ended 31 December 2008		
Opening net book value	665,889,315	191,254,830
Additions	47,670,000	32,670,000
Amortisation	(32,944,723)	(8,975,074)
Impairment charge	(178,985)	-
Closing net book value	<u>680,435,607</u>	<u>214,949,756</u>
At 31 December 2008		
Cost	794,528,266	238,577,878
<u>Less</u> Accumulated amortisation	<u>(113,913,674)</u>	<u>(23,628,122)</u>
Allowance for impairment	(178,985)	-
Net book value	<u>680,435,607</u>	<u>214,949,756</u>
For the year ended 31 December 2009		
Opening net book value	680,435,607	214,949,756
Additions	16,058,267	1,310,500
Amortisation	(35,037,890)	(9,494,349)
Closing net book value	<u>661,455,984</u>	<u>206,765,907</u>
At 31 December 2009		
Cost	810,586,533	239,888,378
<u>Less</u> Accumulated amortisation	<u>(148,951,564)</u>	<u>(33,122,471)</u>
Allowance for impairment	(178,985)	-
Net book value	<u>661,455,984</u>	<u>206,765,907</u>

	Unit: Baht			
	Consolidated		Company	
	2009	2008	2009	2008
Current portion	36,816,575	33,372,285	9,472,507	9,472,507
Long-term portion	624,639,409	647,063,322	197,293,400	205,477,249
Total	<u>661,455,984</u>	<u>680,435,607</u>	<u>206,765,907</u>	<u>214,949,756</u>

Prepaid rents represent leasehold rights. Leasehold rights with the net book value amounting to Baht 2,964.77 million (2008: Baht 191.59 million) are pledged as collateral for bank borrowings (Note 20).

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

19 Other non-current assets, net

	Unit: Baht			
	Consolidated		Company	
	2009	2008	2009	2008
Deposits	89,360,314	115,651,756	39,937,514	38,880,153
Others	8,311,406	2,518,108	7,214,864	701,811
	<u>97,671,720</u>	<u>118,169,864</u>	<u>47,152,378</u>	<u>39,581,964</u>

20 Borrowings and debenture

	Unit: Baht			
	Consolidated		Company	
	2009	2008	2009	2008
Current				
Bank overdrafts	56,800,410	42,068,558	-	7,632,838
Short-term loans from financial institutions	<u>1,693,011,012</u>	<u>795,400,000</u>	<u>1,217,486,012</u>	<u>610,000,000</u>
Total bank overdrafts and short-term loans from financial institutions	<u>1,749,811,422</u>	<u>837,468,558</u>	<u>1,217,486,012</u>	<u>617,632,838</u>
Current portion of long-term borrowings:				
- Finance lease liabilities	752,096	7,104,074	395,191	5,708,078
- Bank borrowings	<u>317,375,257</u>	<u>417,000,000</u>	<u>300,000,000</u>	<u>378,000,000</u>
Total current portion of long-term borrowings	<u>318,127,353</u>	<u>424,104,074</u>	<u>300,395,191</u>	<u>383,708,078</u>
Non-current portion of borrowings				
- Finance lease liabilities	22,047,375	20,670,495	19,959,972	20,355,163
- Bank borrowings	<u>150,000,000</u>	<u>991,000,000</u>	<u>150,000,000</u>	<u>991,000,000</u>
Total non-current portion of borrowings	<u>172,047,375</u>	<u>1,011,670,495</u>	<u>169,959,972</u>	<u>1,011,355,163</u>
- Debenture	<u>1,500,000,000</u>	<u>-</u>	<u>1,500,000,000</u>	<u>-</u>
Total borrowings and debenture	<u><u>3,739,986,150</u></u>	<u><u>2,273,243,127</u></u>	<u><u>3,187,841,175</u></u>	<u><u>2,012,696,079</u></u>

The interest rate exposure on the borrowing of the Group and the Company is as follows:

	Unit: Baht			
	Consolidated		Company	
	2009	2008	2009	2008
Borrowings:				
- at fixed rates	3,215,810,483	737,774,570	2,737,841,175	636,063,241
- at floating rates	<u>524,175,667</u>	<u>1,535,468,557</u>	<u>450,000,000</u>	<u>1,376,632,838</u>
Total borrowings	<u><u>3,739,986,150</u></u>	<u><u>2,273,243,127</u></u>	<u><u>3,187,841,175</u></u>	<u><u>2,012,696,079</u></u>

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

20 Borrowings and debenture (Cont'd)

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

	Unit: Baht			
	Consolidated		Company	
	2009	2008	2009	2008
Opening balance	1,408,000,000	986,438,142	1,369,000,000	937,000,000
Borrowings	2,975,257	700,000,000	-	700,000,000
Debt forgiveness	-	(7,438,142)	-	-
Repayments	(943,600,000)	(271,000,000)	(919,000,000)	(268,000,000)
Closing balance	<u>467,375,257</u>	<u>1,408,000,000</u>	<u>450,000,000</u>	<u>1,369,000,000</u>

Maturity of bank borrowings:

	Unit: Baht			
	Consolidated		Company	
	2009	2008	2009	2008
Within 1 year	317,375,257	417,000,000	300,000,000	378,000,000
Between 1 year and 2 years	150,000,000	448,000,000	150,000,000	448,000,000
Between 2 years and 5 years	-	543,000,000	-	543,000,000
	<u>467,375,257</u>	<u>1,408,000,000</u>	<u>450,000,000</u>	<u>1,369,000,000</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 2.40% to 7.50% per annum (2008 : 3.75% to 7.50% per annum).

Long-term bank borrowings bear interest at the rates ranging from 4.50% to 6.50% per annum (2008: 5.38% to 7.12% per annum) and are secured by the pledge of building and leasehold rights (Note 15 and Note 18). Lease liabilities are effectively secured as the right to the leased asset revert to lessor in the event of default.

Debenture

	Unit: Baht	
	Consolidated	Company
For the year ended 31 December 2009		
Opening amount	-	-
Issuance	1,500,000,000	1,500,000,000
Closing amount	<u>1,500,000,000</u>	<u>1,500,000,000</u>

On 15 June 2009, the Company issued a straight, unsecured and unsubordinated Baht debenture at par value of Baht 1,000 per unit. Details of the debenture are as follows:

Term	Maturity date	Debentures Baht Million	Fixed interest rate (%) per annum
3 years	15 June 2012	1,500	4.80

Interest is due for payment every three months. The Company will have to maintain the debt to equity ratio at the ratio stipulated in the prospectus.

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

20 Borrowings and debenture (Cont'd)

Borrowing facilities

As at 31 December 2009, the available credit facilities from financial institutions of the Group and the Company are Baht 1,109.10 million, and Baht 929.42 million respectively, which will mainly be used for acquisitions of cinema construction and working capital (2008: Baht 1,018.18 million and Baht 866.79 million, respectively).

21 Other current liabilities

	Unit: Baht			
	Consolidated		Company	
	2009	2008	2009	2008
Other payables	495,070,574	310,212,961	200,874,138	100,464,593
Undue output VAT	83,110,813	130,533,042	34,888,678	48,086,741
Accrued expenses	235,039,787	127,902,767	72,402,360	63,352,941
Rental and services income received in advance	51,852,853	82,699,370	2,705,980	48,885,874
Deposits and advance receipts	14,444,272	9,330,807	545,983	3,690,139
Others	95,569,026	28,709,817	40,403,971	8,154,659
	<u>975,087,325</u>	<u>689,388,764</u>	<u>351,821,110</u>	<u>272,634,947</u>

22 Other liabilities

	Unit: Baht			
	Consolidated		Company	
	2009	2008	2009	2008
Deposit	211,421,573	185,412,875	21,072,737	20,630,890
Rental and services income received in advance	271,263,394	289,648,789	-	-
	<u>482,684,967</u>	<u>475,061,664</u>	<u>21,072,737</u>	<u>20,630,890</u>

23 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 2008	906,000,000	879,932,619	879,932,619	3,816,018,391
Issuance of shares	-	1,964,600	1,964,600	23,655,214
At 31 December 2008	906,000,000	881,897,219	881,897,219	3,839,673,605
Issuance of shares	-	-	-	-
At 31 December 2009	<u>906,000,000</u>	<u>881,897,219</u>	<u>881,897,219</u>	<u>3,839,673,605</u>

The total authorised number of ordinary shares is 906,000,000 shares (2008: 906,000,000 shares) with a par value of Baht 1 per share (2008: Baht 1 per share). The issued and fully paid-up ordinary shares is 881,897,219 shares (2008: 881,897,219 shares). The new shares issued during 2008 were in connection with the exercise of warrants as mentioned in Note 24.

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

During 2009, the Company repurchased 38.66 million shares through the Stock Exchange of Thailand. The total amount paid to repurchase the shares was Baht 252.37 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 (2008: Baht 15.55 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.

24 Warrants

Warrants issued and offered to directors and employees (ESOP)

The Company issued and offered grants of warrants to directors and 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 4 years and 5 years, respectively, from the issued date.

The exercise ratio and price are detailed bellows:

	Issued date	Issued units Million	Exercise price Baht/unit	Exercise period	
				Start	End
ESOP-W1	14 June 2003	19.5	11.649	30 September 2003	15 June 2008
ESOP-W2	6 July 2004	3.5	14.448	30 September 2004	15 June 2008
ESOP-W3	12 November 2007	13.0	16.447	30 November 2007	15 November 2012

The exercise prices and ratios of warrants are as follows:

	Exercise Ratio unit/share	Exercise price Baht/unit
ESOP-W3	1.020	16.447

During 2008, warrants are exercised by 1.30 million units and 0.51 million units of ESOP-W1 and ESOP-W3, respectively. Proceeds from exercises of warrants during the year are amounting to Baht 25.62 million.

25 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.

26 Minority interest

	Unit: Baht	
	Consolidated	
	2009	2008
Opening balance	(6,506,633)	2,380,776
Disposals	-	(25,422,978)
Acquisition of subsidiaries	113,238,888	-
Share of profit (loss) from subsidiaries	(6,288,017)	16,935,620
Dividend paid	-	(400,051)
Closing balance	100,444,238	(6,506,633)

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

27 Other operating income

	Unit: Baht			
	Consolidated		Company	
	2009	2008	2009	2008
Dividend income	-	-	145,600,300	411,010,642
Gains on disposals of property, plant and equipment	21,671,965	4,400,358	32,203	-
Management fee income	52,602,845	38,480,163	98,746,182	162,080,163
Interest income	7,617,159	4,399,286	103,641,573	124,220,381
Other rental and services income	1,081,907	813,655	200,000	482,497
Gain on exchange rate	1,081,157	-	-	-
Property tax income	22,348,964	18,370,515	2,399,133	2,122,678
Subsidy for construction of theatre	-	13,500,000	-	-
Gain on cancellation of lease agreement	-	98,441,349	-	98,441,349
Others	34,623,010	30,887,573	16,214,669	32,804,690
	<u>141,027,007</u>	<u>209,292,899</u>	<u>366,834,060</u>	<u>831,162,400</u>

On 6 January 2008, a subsidiary has agreed to return the leased areas of theatres and bowling at Central World. The lessor has agreed to pay the compensation to the subsidiary amounting to Baht 139 million. The related property and equipment with the net book value of Baht 40.6 million have been written off accordingly and the gain on disposal amounting to Baht 98.4 million has been recognised in the statement of income.

28 Expenses by nature

	Unit: Baht			
	Consolidated		Company	
	2009	2008	2009	2008
Depreciation on property and equipment (Note 15)	630,308,413	580,323,636	269,088,486	239,803,471
Amortisation of intangible assets				
- film rights (Note 17)	471,748,879	351,152,239	-	-
- prepaid rents (Note 18)	35,037,890	32,944,723	9,494,349	8,975,074
Impairment of assets	39,556,996	8,945,000	-	-
Repairs and maintenance expenditure	56,457,658	56,013,850	22,992,795	23,063,260
Staff costs	521,151,279	540,260,473	277,340,470	287,531,946
Loss from written-off of property, plant and equipment	35,579,587	80,920,310	-	-
Doubtful debts and bad debts	23,936,571	1,196,000	-	-
Inventory				
- Cost of inventories recognised as expense (included in "Cost of sales")	847,064,812	739,789,530	172,700,538	148,212,189

29 Financial costs

	Unit: Baht			
	Consolidated		Company	
	2009	2008	2009	2008
Interest expenses:				
Bank borrowings	128,179,631	86,806,533	104,120,004	76,519,172
Borrowings - related parties	-	-	20,207,601	41,982,693
Finance lease	1,931,865	1,428,217	1,827,393	1,295,909
Debenture	3,257,242	-	3,257,242	-
Total	<u>133,368,738</u>	<u>88,234,750</u>	<u>129,412,240</u>	<u>119,797,774</u>

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

30 Earnings per share

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

For the calculation of the diluted earnings per share, the net profit adjusted for weighted average number of ordinary shares are assume for conversion of all dilutive potential ordinary shares being warrants as per Note 24.

The outstanding warrants as at 31 December 2009 which issued and offered warrants to directors and employees of the Company and its subsidiaries (Note 24) did not affect the diluted earnings per share since the exercise price of the outstanding warrants is higher than the average market price of the Company's shares during the year ended 31 December 2009.

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

	Consolidated					
	Net profit		Weighted average		Earnings	
	Baht		number of shares		per share	
	2009	2008	2009	2008	2009	2008
For the years ended 31 December						
Basic earnings per share	333,724,752	626,356,254	852,270,797	881,216,632	0.39	0.71
The effect of dilutive potential shares	-	-	-	-	-	-
Diluted earnings per share	<u>333,724,752</u>	<u>626,356,254</u>	<u>852,270,797</u>	<u>881,216,632</u>	<u>0.39</u>	<u>0.71</u>
	Company					
	Net profit		Weighted average		Earnings	
	Baht		number of shares		per share	
	2009	2008	2009	2008	2009	2008
For the years ended 31 December						
Basic earnings per share	538,448,323	830,740,203	852,270,797	881,216,632	0.63	0.94
The effect of dilutive potential shares	-	-	-	-	-	-
Diluted earnings per share	<u>538,448,323</u>	<u>830,740,203</u>	<u>852,270,797</u>	<u>881,216,632</u>	<u>0.63</u>	<u>0.94</u>

31 Dividends

For the year ended 31 December 2009

On 9 April 2009, at the annual ordinary shareholders' meeting of the Company, the shareholders passed a resolution to approve a dividend in respect of the period from July to December 2008 of Baht 0.25 per share, amounting to a total of Baht 215.87 million. The dividends were distributed to the shareholders on 4 May 2009.

For the year ended 31 December 2008

At the Annual General Meeting of the shareholders held on 4 April 2008, the shareholders passed a resolution to approve dividends in respect of the operating results for the period from July to December 2007 at Baht 0.55 per share, totaling Baht 484.54 million. The dividends were distributed to the shareholders on 2 May 2008.

At the Board of Director Meeting held on 13 August 2008, the Board passed a resolution to approve interim dividends in respect of the operating results for the period from January to June 2008 at Baht 0.39 per share, totaling Baht 343.94 million. The dividends were distributed to the shareholders on 5 September 2008.

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

32 Cash flows from operating activities

Reconciliation of profit before income tax to cash flows from operating activities:

	Notes	Unit: Baht			
		Consolidated		Company	
		2009	2008	2009	2008
Profit before income tax		420,239,423	901,369,267	570,811,681	1,018,830,228
Adjustments for:					
Depreciation and amortisation	15, 16	1,137,095,184	966,568,598	278,582,833	248,778,544
Allowance for doubtful accounts and bad debts	28	23,936,571	481,126	-	-
Provision for goods returns		4,843,899	-	-	-
Loss on diminution in value of inventories	11	2,462,131	6,508,074	-	-
Provision for impairment in subsidiary (reversal)		-	-	(100,000)	-
Provision for impairment in associate	14	-	-	87,509,765	-
Loss from factoring transaction	12	20,834,699	-	-	-
Gain from disposal of short-term investment		(3,036,503)	(6,691,551)	(3,036,503)	(6,691,551)
Loss (gain) on disposals of property, plant and equipment and leasehold rights		(750,794)	(4,207,087)	508,486	(289,966)
Gain on cancellation of lease agreement	27	-	(98,441,349)	-	(98,441,349)
Loss on write-off of property, plant and equipment		31,908,319	38,387,100	4,968,472	-
Loss on write-off of intangible assets		3,671,268	-	-	-
Loss on impairment of assets		39,556,995	8,944,942	-	-
Shares of profit from associates and joint venture	14	(57,191,790)	(114,661,361)	-	-
Gain on disposals of investments in subsidiaries and associates	14	(96,439,112)	(107,974,456)	(299,490,552)	(175,998,461)
Loss on disposals of investment in associate	14	-	-	75,406,857	-
Provision for liabilities on losses in subsidiaries	14	-	-	(75,455,904)	63,975,669
Dividend income	27	-	-	(145,600,300)	(411,010,642)
Debt forgiveness		-	(7,438,142)	-	-
Financial costs		133,368,738	88,234,750	129,412,240	119,797,774
Changes in operating assets and liabilities (excluding impact from acquisition and disposal of subsidiary):					
- trade accounts receivable		424,802,278	(302,220,130)	(37,228,766)	(73,816,445)
- amounts due from related parties		(26,426,039)	(56,209,970)	251,689,481	55,216,196
- other receivable		(77,000,000)	-	-	-
- inventories		14,830,988	(4,962,689)	8,218,700	(6,932,491)
- films under production		(34,272,077)	-	-	-
- other current assets		(55,230,454)	14,734,271	(34,369,365)	(14,874,084)
- receivables under financial lease agreements		(3,071,958)	-	-	-
- other non-current assets		155,850,292	(22,883,739)	(321,331)	5,047,709
- trade accounts and notes payable		(135,893,631)	102,637,102	(10,619,649)	7,199,204
- amounts due to related parties		(46,057,583)	(22,590,878)	164,758,921	(96,102,483)
- other current liabilities		(198,015,837)	(17,075,736)	(78,654,562)	(15,182,868)
- other non-current liabilities		20,124,166	6,148,946	441,846	(13,882,816)
Cash flows from operating activities		<u>1,700,139,173</u>	<u>1,368,657,088</u>	<u>887,432,350</u>	<u>605,622,168</u>

33 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.

As described in Note 14, the Company exchanged the ordinary shares in MVD Co., Ltd. (formerly “Pacific Marketing and Entertainment Group Company Limited”) with the ordinary shares of M Picture Entertainment Public Company Limited (“MPIC”). As a result, the Company’s percentage of ownership in the registered shares of MPIC has changed from 40.81% to 65.93% and MPIC and its subsidiaries become subsidiaries of the Company. Transactions with MPIC and its subsidiaries which were previously presented as transactions with related companies are presented as transactions with subsidiaries since the transactions date.

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

The following material transactions were carried out with related parties:

i) Sales of goods and services and others

	Unit: Baht’000			
	Consolidated		Company	
	2009	2008	2009	2008
Management income				
Subsidiaries	-	-	46,143	123,600
Associates	29,048	32,334	29,048	32,334
Related companies	23,555	6,146	23,555	6,146
	<u>52,603</u>	<u>38,480</u>	<u>98,746</u>	<u>162,080</u>
Advertising income				
Subsidiaries	-	-	141,960	254,303
Related companies	10,000	-	-	-
	<u>10,000</u>	<u>-</u>	<u>141,960</u>	<u>254,303</u>
Interest income				
Subsidiaries	-	-	97,562	121,432
Associates	1,674	2,160	1,674	2,160
	<u>1,674</u>	<u>2,160</u>	<u>99,236</u>	<u>123,592</u>
Sponsorship income				
Subsidiaries	-	-	-	1,063
Associates	1,000	-	-	-
	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,063</u>

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

33 Related party transactions (Cont'd)

i) Sales of goods and services and others (Cont'd)

	Unit: Baht'000			
	Consolidated		Company	
	2009	2008	2009	2008
Rental and services income				
Subsidiaries	-	-	1,736	355
Associates	58,285	39,772	10,126	3,458
Related companies	24,234	17,484	2,846	924
	<u>82,519</u>	<u>57,256</u>	<u>14,708</u>	<u>4,737</u>
Dividends income				
Subsidiaries	-	-	72,000	313,600
Associates	-	-	73,600	97,411
	<u>-</u>	<u>-</u>	<u>145,600</u>	<u>411,011</u>
Other income				
Subsidiaries	-	-	6,490	9,714
Joint venture	2,295	2,295	4,500	4,500
Associates	8,553	2,822	28	12
Related companies	1,936	485	24	226
	<u>12,784</u>	<u>5,602</u>	<u>11,042</u>	<u>14,452</u>
Sale of equipment and leases of property and buildings				
Subsidiaries	-	-	695	12,215

ii) Purchase of goods and services and others

	Unit: Baht'000			
	Consolidated		Company	
	2009	2008	2009	2008
Rental and service expenses				
Subsidiaries	-	-	29,870	25,807
Associates	157,307	146,304	116,189	110,433
Related companies	38,460	59,729	33,266	51,114
	<u>195,767</u>	<u>206,033</u>	<u>179,325</u>	<u>187,354</u>
Equipment rental expenses				
Subsidiaries	-	-	2,400	36,000
Associates	3,055	3,935	-	-
Related companies	21,600	21,600	21,600	21,600
	<u>24,655</u>	<u>25,535</u>	<u>24,000</u>	<u>57,600</u>

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

33 Related party transactions (Cont'd)

ii) Purchase of goods and services and others (Cont'd)

	Unit: Baht'000			
	Consolidated		Company	
	2009	2008	2009	2008
Interest expense				
Subsidiaries	-	-	20,208	41,983
Associates	931	538	931	538
Related companies	620	359	620	359
	<u>1,551</u>	<u>897</u>	<u>21,759</u>	<u>42,880</u>
Consulting fee				
Related company	<u>25,600</u>	<u>23,400</u>	<u>25,600</u>	<u>23,400</u>
Sponsorship expense				
Subsidiaries	-	-	34,095	20,000
Associates	2,280	90	-	-
Related companies	127	-	-	-
	<u>2,407</u>	<u>90</u>	<u>34,095</u>	<u>20,000</u>
Advertising cost				
Associates	5,759	404	-	-
Related companies	3,107	-	-	-
	<u>8,866</u>	<u>404</u>	<u>-</u>	<u>-</u>
Film hire cost				
Subsidiaries	-	-	30,531	-
Associates	94	-	94	-
Related companies	16,971	33,475	9,989	21,133
	<u>17,065</u>	<u>33,475</u>	<u>40,614</u>	<u>21,133</u>
Other expenses				
Subsidiaries	-	-	2,107	1,715
Associates	3,159	587	2,691	530
Related companies	2,556	2,210	1,396	1,609
	<u>5,715</u>	<u>2,797</u>	<u>6,194</u>	<u>3,854</u>
Purchases of leasehold right				
Associates	-	19,602	-	19,602
Related companies	-	13,068	-	13,068
	<u>-</u>	<u>32,670</u>	<u>-</u>	<u>32,670</u>
Purchases of fixed assets				
Subsidiaries	<u>-</u>	<u>-</u>	<u>389</u>	<u>1,107</u>
Management's remunerations	<u>34,700</u>	<u>45,527</u>	<u>31,494</u>	<u>40,218</u>

33 Related party transactions (Cont'd)

ii) Purchase of goods and services and others (Cont'd)

Pricing policies for related party transactions are as follows:

	<u>Pricing policies</u>
Management fee	Ageed prices as stipulated in the agreements
Advertising fee	Ageed price which approximate to market price
Interest charge	Rate determined with reference to the interest rate quoted by commercial banks
Rental and services	Ageed prices which approximate to market price
Equipment rental	Ageed prices which approximate to market price
Computer service	Ageed prices as stipulated in the agreements
Leasehold rights	Ageed prices which approximate to market price
Sponsorship fee	Ageed prices as stipulated in the agreements
Film hire cost	Ageed prices which approximate to market price

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

	Unit: Baht'000			
	<u>Consolidated</u>		<u>Company</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Trade accounts receivable (included in "Trade accounts receivable")				
Subsidiaries	-	-	303,343	230,946
Associates	2,964	2,895	272	608
Related parties	25,835	4,679	8,156	148
	<u>28,799</u>	<u>7,574</u>	<u>311,771</u>	<u>231,702</u>
Other receivables (included in "Amounts due from related parties")				
Subsidiaries	-	-	467,896	723,353
Joint venture	6,603	5,662	6,603	5,662
Associates	19,381	10,120	3,444	8,679
Related parties	18,025	1,440	18,018	1,440
	<u>44,009</u>	<u>17,222</u>	<u>495,961</u>	<u>739,134</u>
Dividends receivables (included in "Other current assets")				
Subsidiaries	-	-	40,000	34,790
Deposit (included in "Other non-current assets")				
Associates	7,385	5,000	2,076	-
Related parties	11,185	12,200	11,184	12,200
	<u>18,570</u>	<u>17,200</u>	<u>13,260</u>	<u>12,200</u>

Major Cineplex Group Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2009 and 2008

33 Related party transactions (Cont'd)

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

	Unit: Baht'000			
	Consolidated		Company	
	2009	2008	2009	2008
Trade accounts payable (included in "Trade accounts and notes payable")				
Subsidiaries	-	-	68,352	111,029
Associates	1,420	99,633	-	
Related parties	7,056	19,059	-	7,359
	<u>8,476</u>	<u>118,692</u>	<u>68,352</u>	<u>118,388</u>
Other payables (included in "Amounts due to related parties")				
Subsidiaries	-	-	80,991	139,736
Associates	19,423	30,501	13,111	26,781
Related parties	3,681	18,356	2,510	17,456
Board	3,669	3,300	3,669	3,300
	<u>26,773</u>	<u>52,157</u>	<u>100,281</u>	<u>187,273</u>
Advance received for land rental (included in "Other non-current liabilities")				
Associate	32,292	33,339	-	-
Deposits received (included in "Other non-current liabilities")				
Associates	120,003	123,671	-	-
Related parties	4,970	18	-	-
	<u>124,973</u>	<u>123,689</u>	<u>-</u>	<u>-</u>
Finance lease liabilities (included in "Long-term borrowings")				
Associates	11,797	12,077	11,797	12,077
Related parties	7,865	8,052	7,865	8,052
	<u>19,662</u>	<u>20,129</u>	<u>19,662</u>	<u>20,129</u>

iv) Long-term loans to related parties

	Unit: Baht'000	
	Consolidated	Company
For the year ended 31 December 2009		
Subsidiaries and associates and employees		
Beginning balance	62,489	1,595,663
Loans made during the year	7,070	864,624
Loans repayments during the year	(43,902)	(408,797)
Ending balance	<u>25,657</u>	<u>2,051,490</u>

The loans to related parties are carrying interest at the rates ranging from 4.80% to 8.50% per annum (2008: 7.00% to 8.50% per annum) and there is no specific repayment date.

33 Related party transactions (Cont'd)

v) Long-term loans from related parties

	Unit: Baht'000
	Company
For the year ended 31 December 2009	
Subsidiaries	
Beginning balance	408,964
Loans received during the year	153,668
Loans repaid during the year	(504,483)
Ending balance	<u>58,149</u>

The loans from subsidiaries are carrying interest at the rates ranging from 6.25% to 7.00% per annum (2008: 7.00% to 7.50% per annum) and there is no specific repayment date.

vi) Management's remuneration

In 2009 the total remuneration of the directors and management approximated Baht 34.70 million (2008: Baht 45.53 million), including salaries and other benefits.

vii) Investments in subsidiaries, associates and joint venture

Details of investments in subsidiaries, associates and joint venture are set out in Note 14.

34 Commitments and contingencies

i) Bank guarantees and letter of credits

There are bank guarantees and letter of credits given on behalf of the Group to third parties outstanding as at 31 December 2009 amounting to Baht 205.73 million (2008: Baht 148.11 million).

ii) Guarantees

As of 31 December 2009, the Company and a subsidiary have given guarantees for bank loans granted to six related companies for a total of Baht 635.74 million (2008: Baht 408.42 million).

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

As of 31 December, 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	
	2009	2008	2009	2008
Not later than 1 year	569	561	246	225
Later than 1 year but not later than 5 years	2,183	2,196	912	876
Later than 5 years	5,417	5,956	1,709	1,852
	<u>8,169</u>	<u>8,713</u>	<u>2,867</u>	<u>2,953</u>

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

34 Commitments and contingencies (Cont'd)

iv) Capital commitments

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

	Currency	Consolidate		Company	
		2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
Property, plant and equipment	THB	113,340	394,742	39,241	-
Intangible assets	THB	79,067	-	24,913	-
	USD	3,688	5,183	-	1,376
Total	THB	192,407	394,742	64,154	-
	USD	3,688	5,183	-	1,376
Total in Thai Baht		316,015	569,395	64,154	46,367

v) Commitment for film productions

As at 31 December 2009, the Group has commitments in respect of payments to film directors amounting to Baht 11.59 million.

35 Subsequent events

a) Investment in PVR Company Limited

On 24 December 2009, the Company has acquired 2,557,000 shares of PVR Company Limited ("PVR"), which is incorporated and listed in India at Rupee 165 or Baht 120.45, representing 10% of paid-up share capital for the consideration of Baht 307,990,650. PVR is under registration process for the increased share capital. The Company currently recorded such payment as advance for subscription.

b) Cancellation of lease agreement at Siam Discovery Center

On 18 November 2009, the Company has cancelled the lease agreement and agreed to return the leased areas of theatres and bowling at Siam Discovery Center within 31 March 2010. The lessor has agreed to pay the compensation to the Company amounting to Baht 45 million.

c) Incorporation of new subsidiaries

On 25 and 27 January 2010, the Company has incorporated 2 new subsidiaries as follows:

- 1 Company: V Slim and Beauty Spa Company Limited
Principal business operations: Operating Spa and health care service center
Registered share capital: Baht 2,000,000
Shares' holding proportion: Major Cineplex Group Public Company Limited holds 99.99%
- 2 Company: Major Kantana Broadcasting Company Limited
Principal business operations: Cable Television
Registered share capital: Baht 20,000,000
Shares' holding proportion: Major Cineplex Group Public Company Limited holds 50.00%
Kantana Group Public Company Limited hold 50.00%

35 Subsequent events (Cont'd)

d) Dividends

At the Board of Directors Meeting held on 25 February 2010, the Board passed a resolution to approve dividends in respect of the operating results for the period from January to December 2009 at Baht 0.35 per share, totalling Baht 308.66 million. The dividends will be distributed to shareholders listed in the register on 4 May 2010.

e) Debenture

At the Board of Directors Meeting held on 25 February 2010, the Board passed a resolution to approve the issuance of an unsecured and unsubordinated debenture totalling Baht 800 million. The term of the debenture is 3 years and 2 months from the date of issue with a 3.35% fixed interest per annum.