

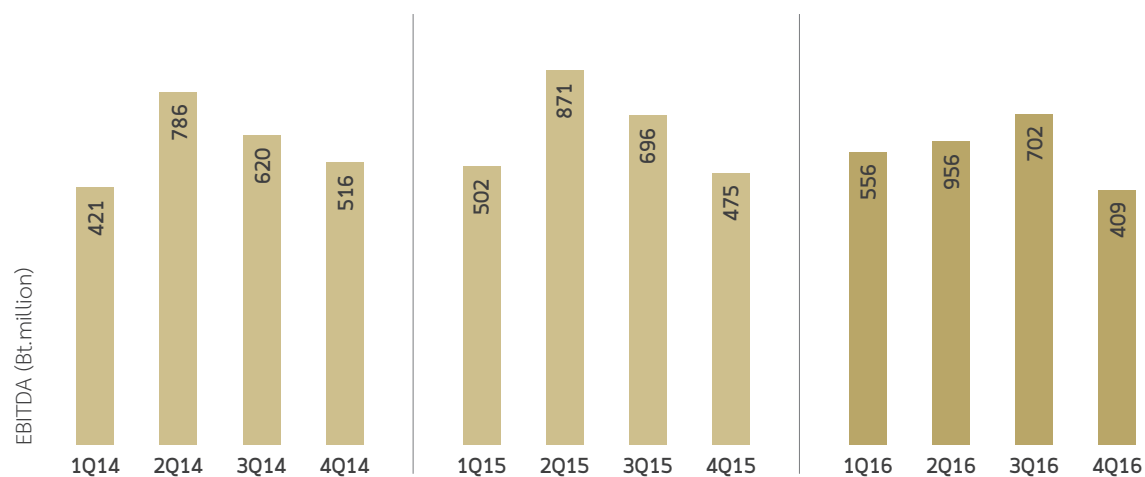


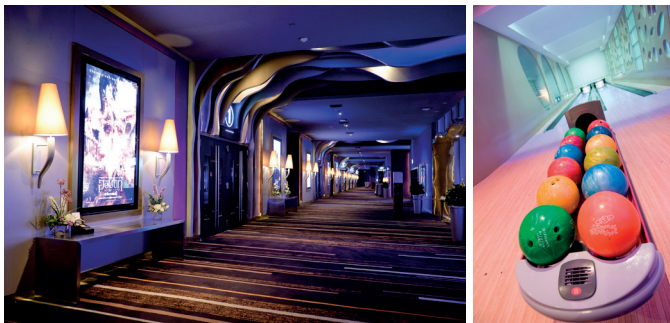
Major Cineplex Group Public Company Limited



# Financial Highlights

As of December 31	2014	2015	2016
Revenue Bt.million	8,623	8,580	8,745
EBITDA Bt.million	2,343	2,544	2,624
Net profit Bt.million	1,086	1,171	1,188
EBITDA margin (%)	27	30	30
Net margin (%)	13	14	14
Total assets Bt.million	13,932	14,246	14,725
Total liabilities Bt.million	7,546	7,598	8,007
Total equity Bt.million	6,387	6,648	6,718
Number of shares million	890.1	892.5	894.5
Book value Bt.	7.18	7.45	7.51
Earnings per share Bt.	1.22	1.31	1.33
Dividend per share Bt.	1.05	1.15	1.20
Dividend payout (%)	86.07	87.79	90.23
Net interest-bearing D/E	0.62	0.65	0.70
Return on assets (%)	8	8	8
Return on equity (%)	17	18	18





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# Milestone

## In 2016, Major continued impressive growth

### January 2016

- Major Cineplex Group Plc. has continuously received Superbrands Thailand Awards 2016 for 9 years from 2008-2016. As the objectives and policies of the company referred as to become a leader of the innovation and new technology and providing a fully great sense of entertainment dreams experience to the consumers along the company's slogan "Sharing the world's best entertainment dreams". With these, it has to be selected in the criteria of being 3 Superbrand, which are brand quality, brand affinity and brand personality.

### February 2016

- Opening of Major Cineplex at Big C Lopburi with 5 theaters.

### March 2016

- Opening of Major Cineplex at Big C Ratchaburi with 4 theaters.
- On 9 March 2016, the company invested in CJ Major Entertainment Co., Ltd. a film producer and film distributor in both domestical and international. Investment in CJM representing 49% of the registered shares with the first production called "Suddenly Twenty", which was released in December 2016.

### April 2016

- Opening of Major Cineplex Phayao with 3 theaters.
- Opening of Major Cineplex at Ayutthaya City Park with 6 theaters.

### May 2016

- Opening of Major Cineplex at Big C Ranong with 3 theaters.
- Opening of Major Cineplex at Lotus Satun with 3 theaters.

- Major Holding International Co., Ltd. (subsidiary) invested in 100% of ordinary shares in Cineplex (Lao) Sole Co., Ltd. a cinema services provider in Lao People's Democratic Republic. Its opening theater is 4 theaters at Friendship Mall, Pakse, PDR.

### August 2016

- Opening of Major Cineplex at Lotus Nakhonpathom with 4 theaters.

### September 2016

- Opening of Major Cineplex at Lotus Nadee, Udonthani with 3 theaters.
- Opening of Major Cineplex at Big C Buriram with 5 theaters.
- Opening of Major Cineplex at Korat with 4DX (4D) Screen and the first luxury & innovation VIP theater in the northeast of Thailand.

### October 2016

- Opening of Major Cineplex at Bluport, Hua Hin District, Prachuap Khiri Khan with 6 theaters.
- Opening of Major Cineplex at Big C Lampang with 4 theaters.
- Opening of EGV Cinema at Lotus Phimai, Nakhonratchasima with 2 theaters.
- On 21 October 2016, M Picture Entertainment Public Co., Ltd. (subsidiary) has established a new company namely Metacognition Co., Ltd. to operate as advertising agency for all media in order to all businesses. The subsidiary will own 55.48%.

### November 2016

- Opening of Major Cineplex at Lotus Phayakkaphum, Mahasarakham with 2 theaters.
- Opening of Major Cineplex at Big C Suksawat, Samutprakarn with 4 theaters.

- Opening of Major Cineplex at Big C Banphai, Khonkaen with 2 theaters.
- Opening of Major Cineplex at Lotus Chana, Songkla with 2 theaters.
- Opening of EGV Cinema at Big C Samutprakarn with 2 theaters.

### December 2016

- Opening of Major Cineplex at Jampha, Lamphun with 4 theaters.
- Opening of Major Cineplex at Big C Sichon, Nakornsrihammarat with 2 theaters.
- Opening of Major Cineplex at Lotus Prachuap Khiri Khan with 2 theaters.
- Opening of EGV Cinema at Big C Lamphun with 3 theaters.
- On 20 December 2016, K Arena (subsidiary) has registered to change its name to Major Rewards Co., Ltd. and amended the objectives of the company to operate in customer relationship services, electronic payment, and coupon kiosk in order to increase the potential of customer services.
- On 20 December 2016, MAJOR has purposed to makes Voluntary Partial Tender Offer to purchase ordinary shares of Siam Future Development Public Company Limited ("SF") in the amount of not exceeding 428,346,412 shares or equal to not exceeding 24.11 percent of paid-up capital of SF which MAJOR had obtained an approval from the Extraordinary General Shareholders' Meeting ("EGM") of SF No.1/2016 held on 3 October 2016. The Objectives of MAJOR to invest in SF and make a long-term investment in SF which are important strategies in order to expand business and diversify risks to MAJOR and MAJOR foresees opportunities from expansion its cinema business and receive the return from business operation and financial performance of SF in the future.

# Message from Chairman of the Board of Directors and Chief Executive Officer

The passing of H.M. King Bhumibol Adulyadej was a deeply profound loss for all Thais and our country. With eternal respect and gratitude for H.M. King Bhumibol Adulyadej's dedication to Thai people, The Board of Directors, the Management, and Employees of Major Cineplex Group and its subsidiaries pledge to follow the Royal Footsteps in sustaining the development of our business for many years to come. The Board of Directors, the Management, and all staff associated with our entire group humbly offer our utmost respect and best wishes to His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun. Long live His Majesty the King.

Major Cineplex Group Company Limited (Major) has continued to demonstrate and accentuate its leadership in the cinema and lifestyle entertainment industries in Thailand. The year 2016 was a challenging moment for business operators of all industries, but the Company maintained its commitment to optimize and further develop its potential in leading the lifestyle entertaining industries in Thailand and CLMV neighboring countries, especially Cambodia and Laos to ensure continuous growth. We are not just the top operator of movie theaters in the country, the Company embraces our role as total industry catalyst and supporter to keep raising the movie industry of Thailand to higher quality levels, and to promote the export of Thai films while always attracting new filmmakers into the industry.

In the past year, the Company owned and operated a total of 678 screens. In 2017, the Company plans to expand further, enabling our entertainment centers to reach all strategic locations nationwide to lay a firm foundation for robust growth. The existing theaters will be modernized to ensure that all the facilities can keep pace with ever-changing consumer needs, while the multimedia and technological potentials will be optimized to gain access to new clients and add value for all businesses under the Company's umbrella. At the same time, the Company will maintain its prudent financial management and continue to look for opportunities to raise the Company's value to a higher level.

The advertising business of the Company has continued to grow and has expanded its market share. With advertising as a key profit contributor, the Company believes that the expansion of theaters and advertising sales in various forms will continue to widen our customer base and allow further reach to consumers in other segments. The Company is strongly confident that it is capable of seeking additional revenue from our growing advertising business in 2017 and beyond.

On behalf of the management, I would like to express our gratitude to employees for their full dedication. Heartfelt appreciation is also extended to our clients, shareholders, business partners and all stakeholders for their support and trust in our businesses. I hope that you will continue to walk with us on this firm path.



**Mr. Somjainuk Engtrakul**

Chairman of the Board



**Mr. Vicha Poolvaraluk**

Chief Executive Officer

# Report of the Audit Committee

Over the past 2016, the Audit Committee of Major Cineplex Group Public Company Limited is comprised of three independent directors. The Audit Committee is empowered by the Board of Directors.

The Audit Committee has duty which delegated by the Board of Directors to examine financial information and plan, also investigate related transactions which having conflict of interest. The Committee pursues and promotes good corporate governance by actively creating awareness and providing advice to management on sound risk management and internal control practices.

For the fiscal year 2016, the Audit Committee held eight meetings. In such meetings, the Committee met management, internal auditor and external auditor, in which one meeting met auditor without executive management.

In such meetings, the Audit Committee met independently with the management, the internal and external auditors of the Company, conducted reviews and evaluations of accounting policies, the procedures relative to the accounting policies, the internal control assessment, and the audit plan. The Audit Committee also verified and accepted every quarterly financial statements and provided assessments and recommendations to the Board of Directors. Where weaknesses were identified in internal controls, corrective action plans were established to eliminate or reduce the associated risks.

The Internal Auditor serves to identify and verify business risks and control weaknesses within the Company by carrying out audit activities systematically. The reports on compliance with good internal control practices and procedures with recommendations were discussed with the relevant management team to incorporate their agreed action plans and submitted to the Audit Committee. Furthermore, the Internal Auditor has held regular meetings with the Audit Committee to give updates on audit results. The Audit Committee is fully committed to ensure that both corrective and preventive actions are taken in an effective and timely manner.

The Audit Committee provided the following opinions:

1. The Company's 2016 financial reports are accurate, complete and reliable.
2. The Company's assets are safeguarded, proper accounting records are maintained, and resources are utilized effectively and efficiently.
3. The Company complied with the securities laws, the Exchange's regulations, and other laws relating to the Company's business.
4. Mr.Kajornkiet Aroonpirodjanakul of PricewaterhouseCoopers ABAS, the Company's auditor, is suitable and provided appropriate services.
5. The related transactions arising in 2016 were rational and made for the optimal benefits of the Company.

Accordingly, the Audit Committee has recommended to the Board of Directors that Mr.Phaiboon Tunkul Certified Public Accountant No. 4298, Mr.Kajornkiet Aroonpirodjanakul Certified Public Accountant No. 3445 Mr.Boonlert Kamolchanokkul Certified Public Accountant No. 5339 and Mr.Chanchai Chaiprasit Certified Public Accountant No. 3760 of PricewaterhouseCoopers ABAS Company Limited, be appointed as the Company's auditor for the fiscal year ending 31 December 2017. The appointment of the auditor and acceptance of its fees will be subjected to the approval of the shareholders at the Annual General Meeting to be held on 5 April 2017.



**Mr. Chai Jroongtanapibarn**

Chairman of the Audit Committee

17 February 2017

# Report of the Nomination and Remuneration Committee

In 2016, the Nomination and Remuneration Committee performed its duties in nominating 3 directors to replace a director who left office at the annual general meeting of shareholders for the year 2016, namely (i) Mr. Somchainuk Engtrakul, Independent Director and Chairman of the Board of Directors (ii) Mr. Vicha Poolvaraluk, Director (iii) Mr. Wichai Poolvaraluk, Director. The committee considered the qualification, knowledge, capability, experience, good work history, and ethic. As a result, the 3 directors were nominated to be re-elected, which was approved by the board of directors and the annual general shareholder's meeting.

And performed its duties in setting remunerations for directors who were not the company's executives or employees for the year 2016, by considering their duties, scope of responsibilities, which were equal to the remunerations paid to directors in listed companies of the same size and in the same industry, as well as considering the company's performance, business environment and the overall economy. The remunerations were submitted to the Board of Directors and the annual general meeting of the shareholders for approval. In 2016, the Nomination and Remuneration Committee convened one time. All committees attend the meetings.

The Nomination and Remuneration Committee performed its assignments with prudence, transparency and independence in accordance with good corporate governance and in the interest of the company and all stakeholders. This practice was in line with the policy and criteria of the Nomination and Remuneration Committee.



**Mr. Chai Jroongtanapibarn**

Chairman of the Nomination and Remuneration Committee

# Responsibility Statement of the Board of Directors to the Financial Statement

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

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

The Board of Directors believes that the company's internal control system is sufficient and be able to ensure that the company and consolidated financial statements as of December 31, 2016 are reasonably trusted.



**Mr. Somjainuk Engtrakul**  
Chairman of the Board



**Mr. Vicha Poolvaraluk**  
Chief Executive Officer

# Directors & Management Team



## Mr. Somchainuk Engtrakul Age 72

Chairman of the Board of Directors  
and Independent Director

% of Shareholding -

### Education

- Ph.D (Honorary Degree) in Public Administration, Sripatum University
- Bachelor of Laws, Sripatum University
- B.A. (Economics), Upsala College, U.S.A.

### Last 5 years work experience

- 2004 - Present : Chairman of the Board of Directors and Independent Director, Major Cineplex Group Plc.
- 2015 - Present : Chairman of the Board of Directors, Nok Airlines Plc.

- 2008 - Present : Chairman of the Board of Directors, Energy Absolute Plc.
- 2008 - Present : Chairman of the Board of Directors, Vejthani Plc.
- 2008 - Present : Director, Siam Piwat Co., Ltd.
- 2000 - Present : Director, Siam Piwat Holding Co., Ltd.
- 1995 - Present : Chairman of the Board of Directors, Dhipaya Insurance Plc.

### Director Training Program

- Role of the Chairman Program (RCP) Class 9/2006
- Director Accreditation Program (DAP) Class 98/2012
- National Defense College of Thailand Class 35, the National Defense College



## Mr. Vicha Poolvaraluk Age 53

Director and Chief Executive Officer

% of Shareholding 31.84%

### Education

- Master Degree of Business Administration, United States International University of San Diego, U.S.A.
- Bachelor Degree of Business Administration, Chulalongkorn University

### Last 5 years work experience

- 1995 - Present : Director and Chief Executive Officer, Major Cineplex Group Plc.
- 2012 - Present : Chairman of Executive Committee, Major Care Foundation

- 2008 - Present : Director and Vice Chairman of the Board of Directors, M Pictures Entertainment Plc.
- 2003 - Present : Director, Siam Future Development Plc.
- Director, Member Activities, Chulalongkorn University Alumni Association

### Director Training Program

- Director Certification Program (DCP) Class 9/2003



## Mrs. Paradee Poolvaraluk Age 55

Director and Executive Director

% of Shareholding 2.05%

### Relationship with Management

- Chairman's spouse

### Education

- Master Degree of Business Administration, United States International University of San Diego, U.S.A.
- Bachelor Degree of Business Administration, Chulalongkorn University

### Last 5 years work experience

- 1998 - Present : Director and Executive Director, Major Cineplex Group Plc.



## Mr. Verawat Ongvasith Age 46

Director and Executive Director

% of Shareholding -

### Relationship with Management

- Younger brother of the Chairman's spouse

### Education

- Master Degree of Business Administration, Boston University of San Diego, U.S.A.
- Bachelor Degree of Business Administration, Chulalongkorn University

### Last 5 years work experience

- 2002 - Present : Director and Executive Director, Major Cineplex Group Plc.

- 2013 - Present : Director, M Pictures Entertainment Plc.
- 2011 - Present : Chairman of Executive Committee, Sofitel So Bangkok Hotel
- 2011 - Present : Chairman of Executive Committee, Veranda Resort and Spa
- 2011 - Present : Chairman of Executive Committee, Vivat Construction Co., Ltd.
- 2003 - Present : Director, Siam Future Development Plc.

### Director Training Program

- Director Accreditation Program (DAP) Class 22/2004



### Mr. Chai Jroongtanapibarn Age 62

Independent Director and Chairman of Audit Committee

% of Shareholding 0.08%

#### Education

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

#### Last 5 years work experience

- 2002 - Present: Independent Director, Chairman of the Audit Committee and Chairman of the Nomination and Remuneration Committee, Major Cineplex Group Plc.
- 2007 - Present: Independent Director, Audit Committee and Chairman of Risk Management Committee, Siam Food Products Plc.

- 2006 - Present : Independent Director, Audit Committee and Chairman of Risk Management Committee, Oishi Group Plc.
- 2004 - Present : Independent Director, Chairman of the Board of Directors and Chairman of the Audit Committee Thai Metal Trade Plc.
- 2003 - Present : Independent Director, Siam Future Development Plc.
- 2000 - Present : Independent Director and Chairman of the Audit Committee, Team Precision Plc.

#### Director Training Program

- Director Certification Program (DCP) Class 29/2003
- Audit Committee Program (ACP) Class 24/2005



### Mr. Vallop Tangtrongjit Age 65

Independent Director and Audit Committee

% of Shareholding -

#### Education

- Master Degree of Business Administration, Chapman University, U.S.A.
- Bachelor Degree of Business Administration, San Diego University, U.S.A.

#### Last 5 years work experience

- 2002 - Present : Independent Director and Audit Committee, Major Cineplex Group Plc.
- Present : Managing Director, Potara Co., Ltd.

#### Director Training Program

- Financial Statement for Director (FSD) Class 2/2008
- Director Certification Program (DCP) Class 104/2008
- Director Accreditation Program (DAP) Class 27/2004
- Finance for Non - Finance Directors (FND) Class 16/2005



### Mr. Kraithip Krairiksh Age 61

Independent Director and Audit Committee

% of Shareholding -

#### Education

- Master of Arts in Economics, Northeastern University, U.S.A.
- Bachelor of Arts in Economics, Tufts University, U.S.A.

#### Last 5 years work experience

- 2015 - Present : Independent Director and Audit Committee, Major Cineplex Group Plc.
- 2013 - Present : Chairman of the Board of Directors, Pace Development Corporation Plc.
- 2009 - Present : Independent Director and Audit Committee, Samitivej Plc.
- 2009 - Present : Chairman of the Board of Directors, KT ZMICO Securities Co., Ltd.

- 2008 - Present : Independent Director and Audit Committee, Vanachai Group Plc.
- 2004 - Present : Director, Capital Market Development Fund Foundation

#### Director Training Program

- Corporate Governance for Capital Market Intermediaries Class 3/2015
- Director Accreditation Program (DAP) Class 42/2005
- The Urban Development & Administration Training Course for the Executive Administrator (BMA.1), Urban Green Development Institute
- National Defense College, The Joint State - Private Sector Course Class 16



### Pol. Sub. Lt. Kriengsak Lohachala Age 74

Independent Director

% of Shareholding -

#### Education

- Doctor of Public Administration, Ramkhamhaeng University
- Master of Public Administration, Kent State University, U.S.A.
- Bachelor of Laws, Thammasat University

#### Last 5 years work experience

- 2009 - Present : Independent Director, Major Cineplex Group Plc.
- 2014 - Present : Chairman of Bangkok Metropolitan Council

- 2012 - Present : Chairman of the Advisory, Major Care Foundation
- 1995 - Present : Independent Director and Audit Committee, Pricha Group Plc.
- Consultant, Bureau of the Crown Property
- Member, Ruk Muangthai Foundation
- Member, Rajapranugroh Foundation under the Royal Patronage

#### Director Training Program

- Director Accreditation Program (DAP) Class 7/2004



### Mr. Wichai Poolvaraluk Age 54

Director

% of Shareholding -

#### Relationship with Management

- Cousin of Chairman

#### Education

- Bachelor Degree of Economics, Thammasat University
- Modern Managers Program (MMP) class 10, Faculty of Commercial and Accountancy, Chulalongkorn University
- Program Executives Capital Market Academy (CMA.) Class.1

#### Last 5 years work experience

- 2005 - Present : Director, Major Cineplex Group Plc.
- 2006 - Present : President, Worakul Property Co., Ltd.
- 2007 - 2013 : Chairman of the Board of Directors, International Research Corporation Plc.
- Sub-committee for Construction of SET, The Stock Exchange of Thailand (SET)
- Committee Member, Thammasat Economics Association

#### Director Training Program

- Director Certification Program (DCP) Class 8/2001



### Dr. Satian Pooprasert Age 64

Independent Director

% of Shareholding -

#### Education

- Bachelor of Medicine, Faculty of Medicine, Ramathibodi Hospital, Mahidol University
- Top Executive Program in Commerce and Trade (TEPCoT) Class. 5, Commerce Academy
- Cambridge-Thammasat Executive Education Program, United Kingdom Class.1
- Program Executives Capital Market Academy (CMA.) Class. 5
- Diploma, National Defence College, The Joint State - Private Sector Course Class.4414

#### Last 5 years work experience

- 2013 - Present : Independent Director, Major Cineplex Group Plc.
- 2011 - Present : Directors of The Foundation of International Education (FIE), NIST International School
- 2003 - Present : Managing Director / CEO, Praram 9 Hospital
- 1995 - Present : Executive of Directors, Rely (Thailand) Co., Ltd.
- 1992 - Present : Member of Board of Directors, Praram 9 Hospital

#### Director Training Program

- Director Certification Program (DCP) 82/2006



### Mr. Thanakorn Puriwekin Age 60

Director and Chief Films Officer

% of Shareholding 0.05%

#### Education

- Master Degree of Business Administration, United States International University of San Diego, U.S.A.
- Bachelor Degree of Business Administration, Bangkok University

#### Last 5 years work experience

- 1995 - Present : Director and Chief Films Officer, Major Cineplex Group Plc.
- 2013 - Present : Director and Chief Executive Officer, M Pictures Entertainment Plc.
- Present : Director, EGV Entertainment Plc.

#### Director Training Program

- Director Accreditation Program (DAP) Class 22/2004



### Mr. Kitikorn Poomsawang Age 62

Chief Construction Officer

% of Shareholding 0.0034%

#### Education

- Thonburi Commercial Collage

#### Last 5 years work experience

- 2013 - Present : Chief Construction Officer, Major Cineplex Group Plc.
- Present : Director, EGV Entertainment Plc.



### **Mrs. Jinda Wantanahatai Age 53**

Chief Retail Officer

% of Shareholding 0.01%

#### **Education**

- Bachelor Degree of Arts, Chandrakasem Rajabhat University

#### **Last 5 years work experience**

- 2008 - Present : Chief Retail Officer, Major Cineplex Group Plc.
- 2006 - 2008 : Director of Retails Business, Major Cineplex Group Plc.



### **Mr. Niti Pattanapakdee Age 50**

Chief Media Officer

% of Shareholding 0.01%

#### **Education**

- Bachelor Degree of Business Administration, Department of Advertising and Public Relations, Ramkhamhaeng University

#### **Last 5 years work experience**

- 2013 - Present : Chief Media Officer, Major Cineplex Group Plc.
- 2003 - 2013 : General Manager, Major Cineplex Group Plc.



### **Mr. Apichart Kongchai Age 50**

Chief Cinema Officer

% of Shareholding 0.01%

#### **Education**

- MBA, Concentration Hotel & Restaurant Management, New Haven University CT, U.S.A.
- Bachelor of Science Sociology and anthropology, Chiangmai University

#### **Last 5 years work experience**

- 2013 - Present : Chief Cinema Officer, Major Cineplex Group Plc.
- 2009 - 2013 : Director, Major Cineplex Group Plc.
- 2008 - 2009 : Asst. Director, Major Cineplex Group Plc.



### **Ms. Thitapat Issarapornpat Age 48**

Chief Finance Officer and Company Secretary

% of Shareholding 0.01%

#### **Education**

- Master of Business Administration, Chulalongkorn University
- Bachelor of Business Administration, Major in Accounting, Ramkhamhaeng University

#### **Last 5 years work experience**

- 2013 - Present : Chief Finance Officer, Major Cineplex Group Plc.

- 2012 - Present : Director and Treasurer, Major Care Foundation
- 2011 - Present : Company Secretary, Major Cineplex Group Plc.
- Present : Director, EGV Entertainment Plc. and Subsidiaries Company
- Present : Director, Siam Future Development Plc.
- Present : Director, M Pictures Entertainment Plc.



### **Ms. Sudaporn Trongpanich Age 42**

Chief Technology Officer

% of Shareholding 0.01%

#### **Education**

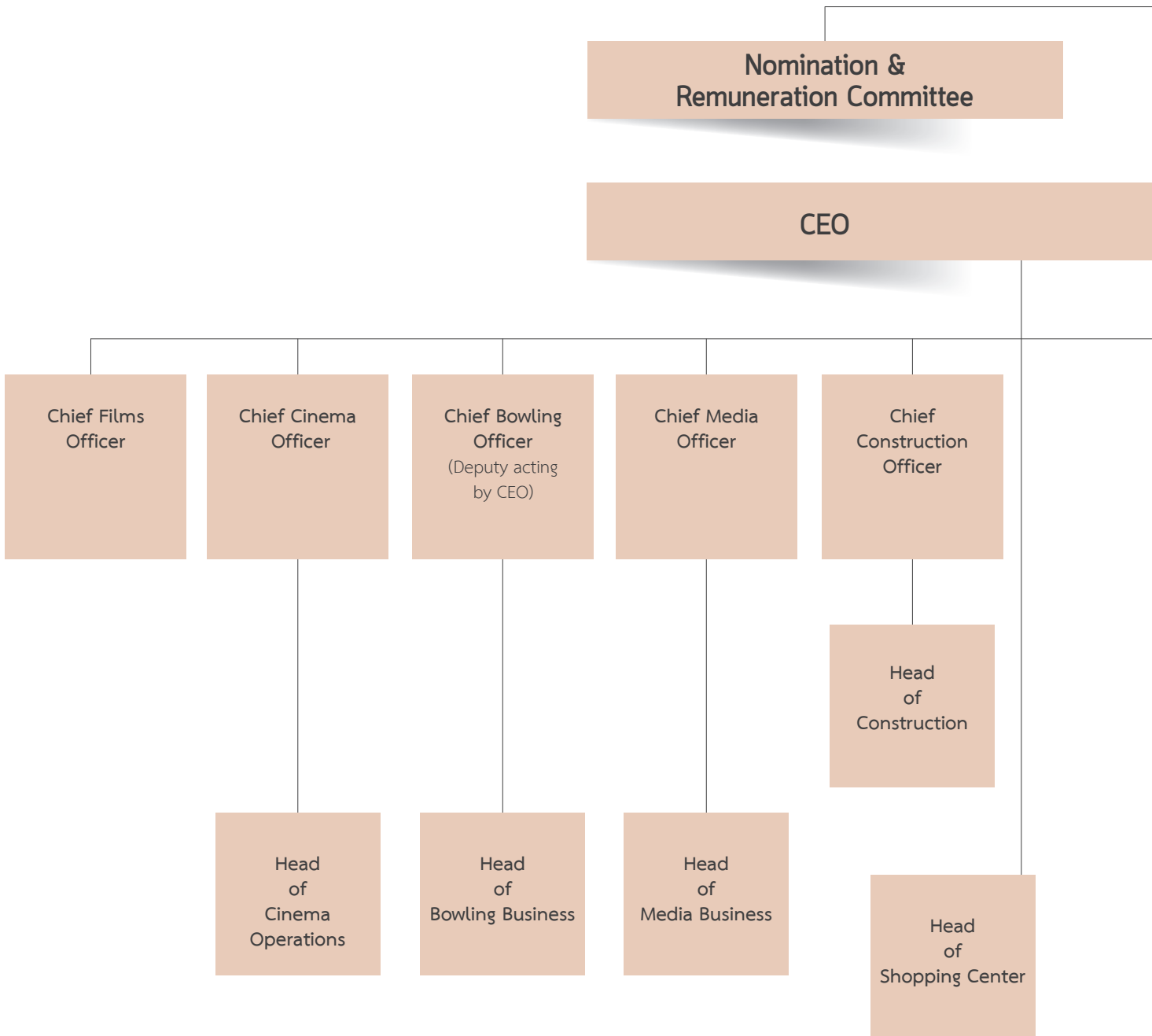
- Master of Science (Economics), Kasetsart University
- Bachelor Degree of Business Administration (Business Computer), Siam University

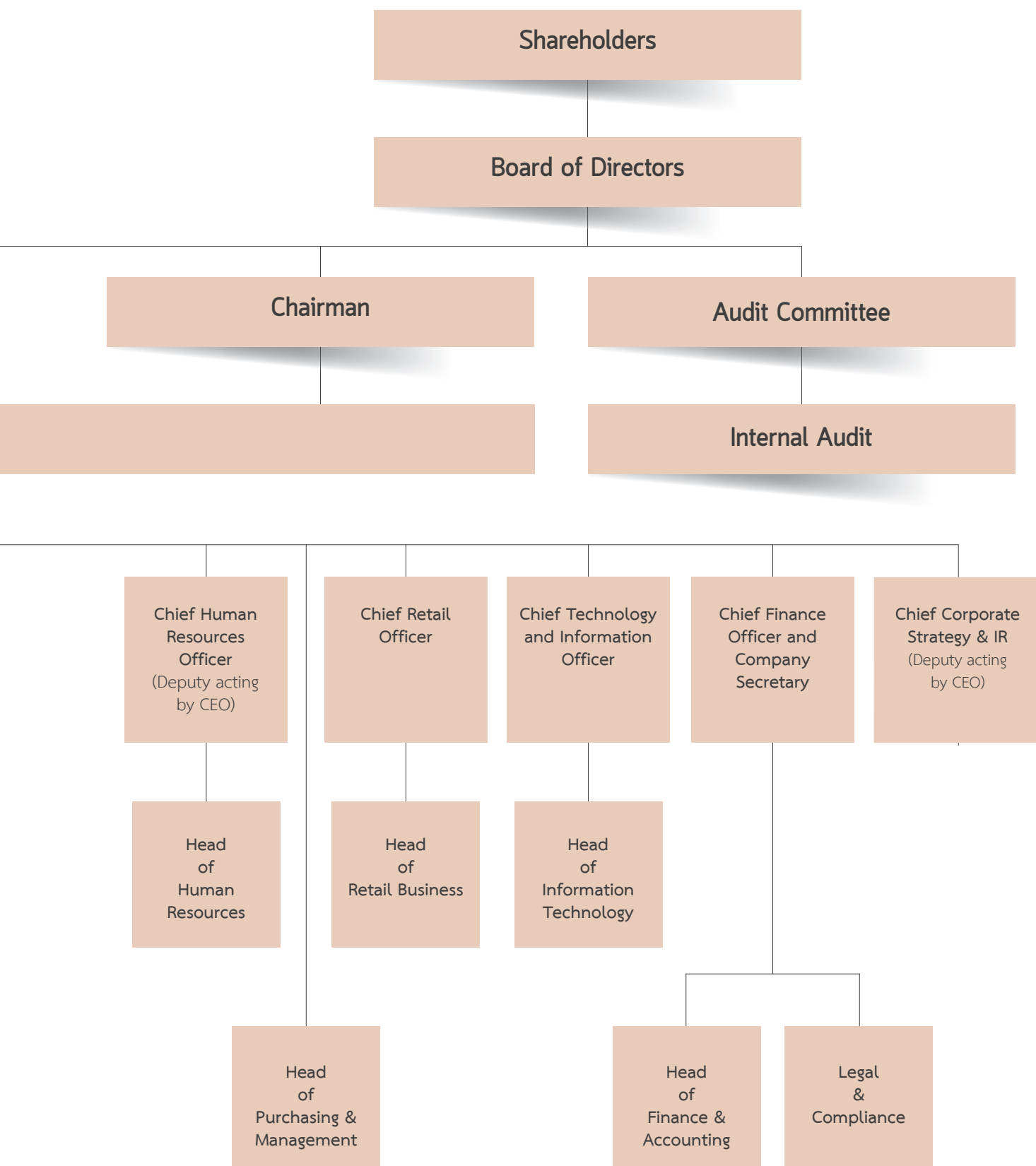
#### **Last 5 years work experience**

- 2013 - Present : Chief Technology Officer, Major Cineplex Group Plc.
- 2011 - 2013 : Head of IT, Major Cineplex Group Plc.

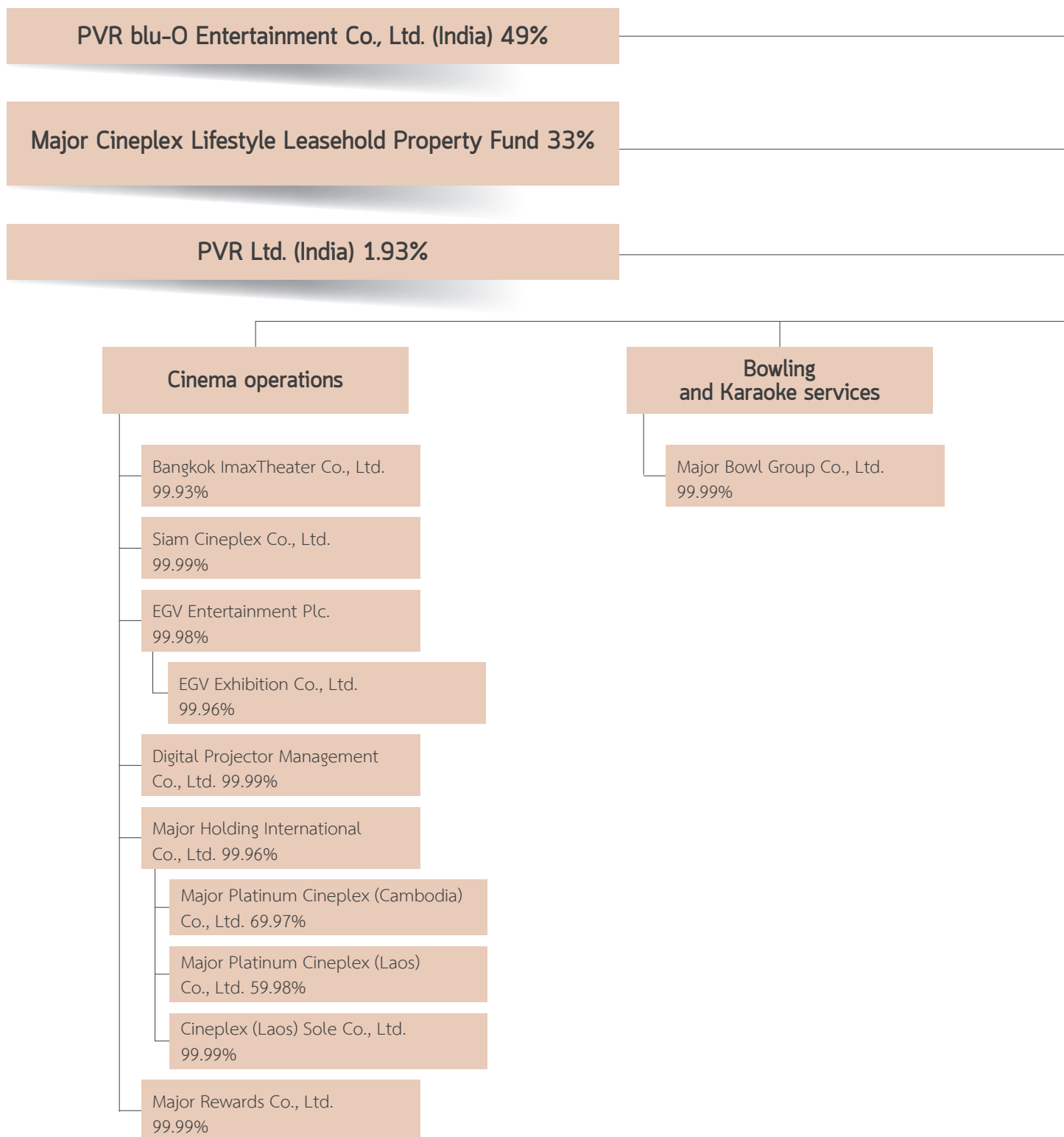
# Organization Chart

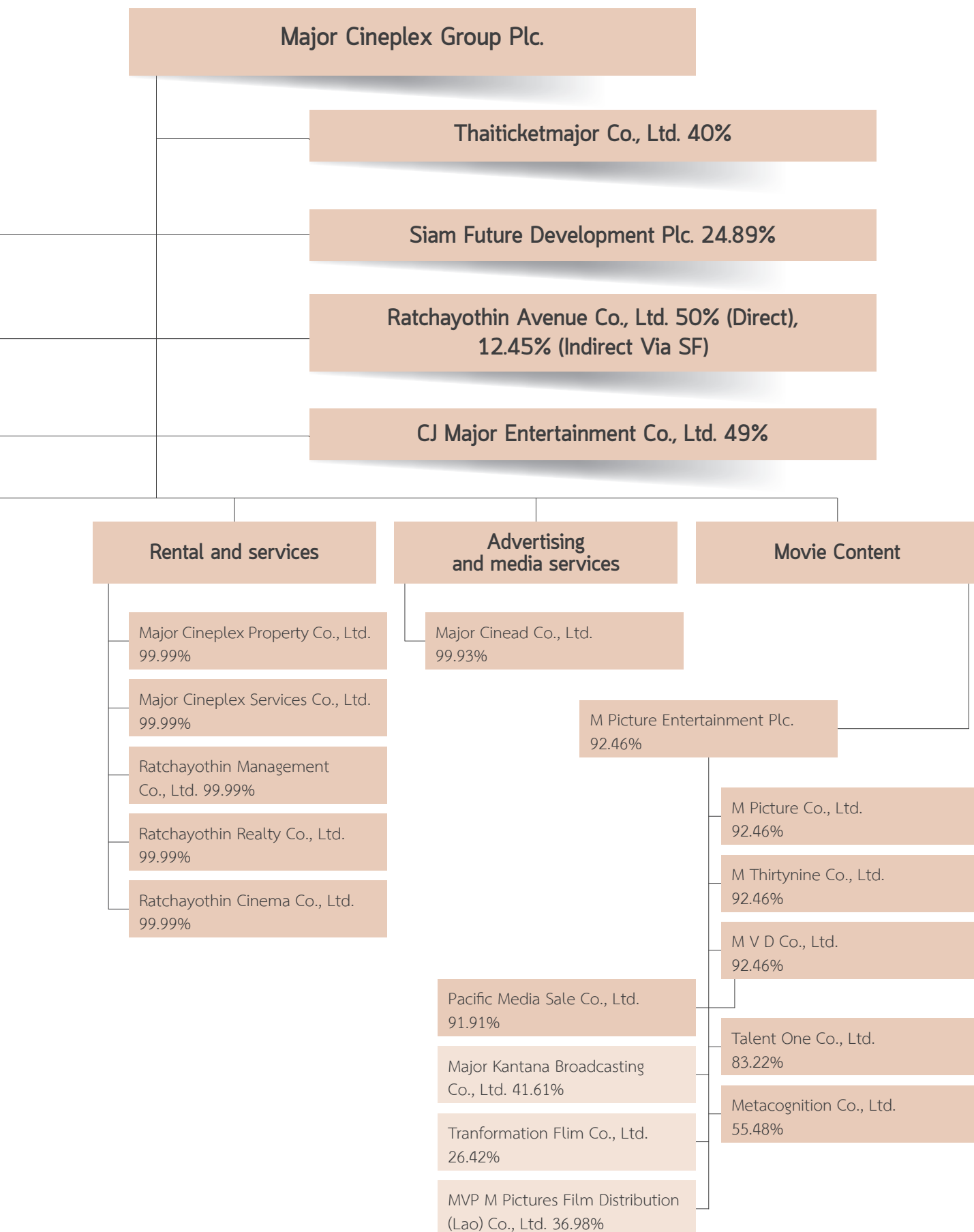
## Major Cineplex Group Plc.





# Group Structure





# General Information of the Company

## Subsidiaries, Associates & Joint Ventures

Theatre Business	
<b>Name</b>	<b>Major Cineplex Group Plc.</b>
Nature of business	Cinema & Entertainment Complex operator, concession vendor and Rental equipment
Head Office	1839, 1839/1-6 Phaholyothin Rd., Ladyao, Jatujak, Bangkok 10900
Registration no.	0107545000047
Registered capital	896,266,347 Baht
Paid up capital	894,533,377 Baht (as of 31 December 2016)
% of Shareholding	100.00%
<b>Name</b>	<b>Bangkok Imax Theater Co., Ltd.</b>
Nature of business	Cinema & Entertainment Complex operator, concession vendor
Head Office	1839 Phaholyothin Rd., Ladyao, Jatujak, Bangkok 10900
Registration no.	0105544003725
Registered capital	1,000,000 Baht
Paid up capital	1,000,000 Baht
% of Shareholding	99.93%
<b>Name</b>	<b>Siam Cineplex Co., Ltd.</b>
Nature of business	Cinema & Entertainment Complex operator, concession vendor
Head Office	1839 Phaholyothin Rd., Ladyao, Jatujak, Bangkok 10900
Registration no.	0105547057656
Registered capital	150,000,000 Baht
Paid up capital	150,000,000 Baht
% of Shareholding	99.99%
<b>Name</b>	<b>EGV Entertainment Plc.</b>
Nature of business	Cinema & Entertainment Complex operator, concession vendor
Head Office	1839 Phaholyothin Rd., Ladyao, Jatujak, Bangkok 10900
Registration no.	0107545000225
Registered capital	260,001,575 Baht
Paid up capital	260,001,575 Baht
% of Shareholding	99.98%
<b>Name</b>	<b>EGV Exhibition Co., Ltd.</b>
Nature of business	Cinema & Entertainment Complex operator, concession vendor
Head Office	1839 Phaholyothin Rd., Ladyao, Jatujak, Bangkok 10900
Registration no.	0105539139100
Registered capital	100,000,000 Baht
Paid up capital	100,000,000 Baht
% of Shareholding	99.96%
<b>Name</b>	<b>Digital Projector Management Co., Ltd.</b>
Nature of business	Projector rental and system management
Head Office	1839 Phaholyothin Rd., Ladyao, Jatujak, Bangkok 10900
Registration no.	015554048284
Registered capital	5,000,000 Baht
Paid up capital	5,000,000 Baht
% of Shareholding	99.99%
<b>Name</b>	<b>Major Holding International Co., Ltd.</b>
Nature of business	Holding Business
Head Office	1839 Phaholyothin Rd., Ladyao, Jatujak, Bangkok 10900
Registration no.	015556003661
Registered capital	150,000,000 Baht
Paid up capital	90,400,000 Baht
% of Shareholding	99.96%
<b>Name</b>	<b>Major Platinum Cineplex (Cambodia) Co., Ltd.</b>
Nature of business	Cinema & Entertainment Complex operator, concession vendor and Bowling service
Head Office	No.35-37 Street 214,Sangkat Boeung Raing,Khan Daun Penh, Phnom Penh,Kingdom of Cambodia.
Registration no.	0714 E/2014
Registered capital	KHR 400,000,000 (100,000 USD x 32.5) = 3,250,000 Baht
Paid up capital	KHR 400,000,000 (100,000 USD x 32.5) = 3,250,000 Baht
% of Shareholding	69.97%
<b>Name</b>	<b>Major Platinum Cineplex (Laos) Co., Ltd.</b>
Nature of business	Cinema & Entertainment Complex operator, concession vendor
Head Office	Vientiane Center Building Ban Nonchan Sisattanak District Vientiane Capital Lao PDR
Registration no.	01-00019319
Registered capital	LAK 2,340,000,000 x 0.0043THB (300,000 shares) = 10,062,000 Baht
Paid up capital	LAK 2,340,000,000 x 0.0043THB (300,000 shares) = 10,062,000 Baht
% of Shareholding	59.98%

<b>Name</b>	<b>Cineplex (Lao) Sole Co., Ltd.</b>
Nature of business	Cinema & Entertainment Complex operator, concession vendor
Head Office	Ban Keosamphan, Pakse District, Champasak Province Vientiane Capital, Lao PDR.
Registration no.	16-00010251
Registered capital	LAK 1,000,000,000 x 0.0043 THB (100,000 shares) = 4,300,000 Baht
Paid up capital	LAK 1,000,000,000 x 0.0043THB (100,000 shares) = 4,300,000 Baht
% of Shareholding	99.99%

<b>Name</b>	<b>Major Rewards Co., Ltd. (Change Name from K-Arena Co., Ltd.)</b>
Nature of business	CRM Loyalty Program, Electronic payment and Coupon Kiosks
Head Office	1839 Phaholyothin Rd., Ladyao, Jatujak, Bangkok 10900
Registration no.	0105555064356
Registered capital	20,000,000 Baht
Paid up capital	20,000,000 Baht
% of Shareholding	99.99%

### Bowling and Karaoke business

<b>Name</b>	<b>Major Bowl Group Co., Ltd.</b>
Nature of business	Bowling, Karaoke and Entertainment services
Head Office	1839 Phaholyothin Rd., Ladyao, Jatujak, Bangkok 10900
Registration no.	0105541034263
Registered capital	36,000,000 Baht
Paid up capital	36,000,000 Baht
% of Shareholding	99.99%

### Rental and Services Business

<b>Name</b>	<b>Major Cineplex Property Co., Ltd.</b>
Nature of business	Building space for rent
Head Office	1221/39, 1239 Sukhumvit Rd., North Klongton, Wattana, Bangkok 10110
Registration no.	0105537078910
Registered capital	78,000,000 Baht
Paid up capital	78,000,000 Baht
% of Shareholding	99.99%

<b>Name</b>	<b>Major Cineplex Service Co., Ltd.</b>
Nature of business	Utilities services
Head Office	1221/39 Sukhumvit Rd., North Klongton, Wattana, Bangkok 10110
Registration no.	0105540016130
Registered capital	23,000,000 Baht
Paid up capital	23,000,000 Baht
% of Shareholding	99.99%

<b>Name</b>	<b>Ratchayothin Management Co., Ltd.</b>
Nature of business	Utilities services
Head Office	1839 Phaholyothin Rd., Ladyao, Jatujak, Bangkok 10900
Registration no.	0105540016121
Registered capital	5,000,000 Baht
Paid up capital	5,000,000 Baht
% of Shareholding	99.99%

<b>Name</b>	<b>Ratchayothin Realty Co., Ltd.</b>
Nature of business	Building space for rent
Head Office	1839 Phaholyothin Rd., Ladyao, Jatujak, Bangkok 10900
Registration no.	0105539097628
Registered capital	100,000,000 Baht
Paid up capital	100,000,000 Baht
% of Shareholding	99.99%

<b>Name</b>	<b>Ratchayothin Cinema</b>
Nature of business	Building space for rent
Head Office	1839 Phaholyothin Rd., Ladyao, Jatujak, Bangkok 10900
Registration no.	0105541034255
Registered capital	10,000,000 Baht
Paid up capital	10,000,000 Baht
% of Shareholding	99.99%

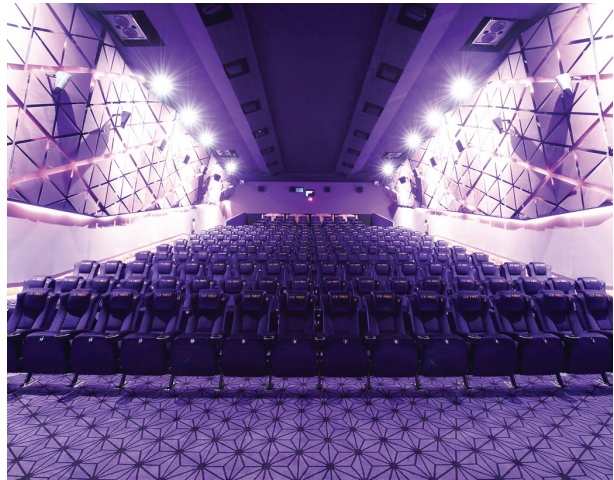
Advertising business	
<b>Name</b>	<b>Major CineAd Co., Ltd.</b>
Nature of business	Advertising and advisory service
Head Office	234, 13 <sup>rd</sup> floor, Ratchadapisek Rd., Ladyao, Jatujak Bangkok 10900
Registration no.	0105544103711
Registered capital	1,000,000 Baht
Paid up capital	1,000,000 Baht
% of Shareholding	99.93%
Movie Contents	
<b>Name</b>	<b>M Pictures Entertainment Plc.</b>
Nature of business	Publishing, advertising and distribution of film rights
Head Office	234, 13 <sup>rd</sup> floor, Ratchadapisek Rd., Ladyao, Jatujak Bangkok 10900
Registration no.	0107544000124
Registered capital	1,315,337,205 Baht
Paid up capital	1,300,119,176 Baht
% of Shareholding	92.46%
<b>Name</b>	<b>M Pictures Co., Ltd.</b>
Nature of business	Distribution of film rights for cinema, VCD/DVD production and TV broadcast
Head Office	234, 13 <sup>rd</sup> floor, Ratchadapisek Rd., Ladyao, Jatujak Bangkok 10900
Registration no.	0105548154744
Registered capital	150,000,000 Baht
Paid up capital	150,000,000 Baht
% of Shareholding	92.46%
<b>Name</b>	<b>M V D Co., Ltd.</b>
Nature of business	Distribution of VCD/DVD, Blu-ray and film rights
Head Office	234, 13 <sup>rd</sup> floor, Ratchadapisek Rd., Ladyao, Jatujak Bangkok 10900
Registration no.	0105545084664
Registered capital	200,000,000 Baht
Paid up capital	200,000,000 Baht
% of Shareholding	92.46%
<b>Name</b>	<b>Pacific Media Sale Co., Ltd.</b>
Nature of business	VCD/DVD distribution
Head Office	234, 13 <sup>rd</sup> floor, Ratchadapisek Rd., Ladyao, Jatujak Bangkok 10900
Registration no.	0105547163570
Registered capital	100,000 Baht
Paid up capital	100,000 Baht
% of Shareholding	91.91%
<b>Name</b>	<b>M Thirty Nine Co., Ltd.</b>
Nature of business	Film production
Head Office	234, 13 <sup>rd</sup> floor, Ratchadapisek Rd., Ladyao, Jatujak Bangkok 10900
Registration no.	0105552004395
Registered capital	100,000,000 Baht
Paid up capital	100,000,000 Baht
% of Shareholding	92.46%
<b>Name</b>	<b>Talent One Co., Ltd.</b>
Nature of business	Film production, services for all forms of entertainment and sales of pocket book
Head Office	59/1 Soi Sukhumvit 39, Wattana, Bangkok 10110
Registration no.	010554068617
Registered capital	40,000,000 Baht
Paid up capital	40,000,000 Baht
% of Shareholding	83.22%
<b>Name</b>	<b>Major Kantana Broadcasting Co., Ltd.</b>
Nature of business	Satellite Broadcasting and distribution of film rights
Head Office	991 Siam Paragon, 5 <sup>th</sup> - 6 <sup>th</sup> Floor Rama 1 Rd., Phatumwan, Bangkok 10330
Registration no.	0105553012928
Registered capital	40,000,000 Baht
Paid up capital	40,000,000 Baht
% of Shareholding	41.61%
<b>Name</b>	<b>Transformation Film Co., Ltd.</b>
Nature of business	Film production, Advertising, Television program service
Head Office	No. 6 Soi Nak Ni Wat 12, Nak Ni Wat Rd., Ladprao, Bangkok 10230
Registration no.	0105557122281
Registered capital	175,000,000 Baht
Paid up capital	165,000,000 Baht
% of Shareholding	26.42%

<b>Name</b>	<b>MVP M Pictures Film Distribution (Laos) Co., Ltd.</b>
Nature of business	Film Distribution in Laos
Head Office	4 <sup>th</sup> Floor, Vientiane Center Shopping Mall, No 13, Kouvieng Rd., Nongchan Village, Sisatannak District, Vientiane Capital, Laos People's Democratic Republic
Registration no.	01B-00080044425(S/1)
Registered capital	LAK 1,000,000,000 (122,775USD x 36.15) = 4,438,316 Baht
Paid up capital	LAK 400,000,000 (49,110USD x 36.15) = 1,775,327 Baht
% of Shareholding	36.98%
<b>Name</b>	<b>Metacognition Co., Ltd.</b>
Nature of business	Advertising Agency Businesses
Head Office	234 Suzuki Avenue Building (Ratchayothin) 13 <sup>rd</sup> Floor Ratchadapisek Rd., Ladyao, Chatujak District Bangkok 10900
Registration no.	0105559166111
Registered capital	2,000,000 Baht
Paid up capital	2,000,000 Baht
% of Shareholding	55.48%
Strategic Investment	
<b>Name</b>	<b>Thai Ticket Major Co., Ltd.</b>
Nature of business	Agent for selling of tickets
Head Office	3199 Maleenon Tower, 27 <sup>th</sup> Floor, Rama 4 Rd., Klongton, Khlongtoei, Bangkok 10110
Registration no.	0105543020073
Registered capital	10,000,000 Baht
Paid up capital	10,000,000 Baht
% of Shareholding	40%
<b>Name</b>	<b>Siam Future Development Plc.</b>
Nature of business	Rental of building space and utilities services
Head Office	99 Ratchadapisek Rd., Dindang, Bangkok 10400
Registration no.	0107545000187
Registered capital	1,776,618,036 Baht
Paid up capital	1,776,607,541 Baht
% of Shareholding	24.89%
<b>Name</b>	<b>Ratchayothin Avenue Co., Ltd.</b>
Nature of business	Rental of building space and utilities services
Head Office	99 Ratchadapisek Rd., Dindang, Bangkok 10400
Registration no.	0105550006391
Registered capital	135,000,000 Baht
Paid up capital	135,000,000 Baht
% of Shareholding	50.00% (Indirect 12.45%)
<b>Name</b>	<b>Major Cineplex Lifestyle Leasehold Property Fund</b>
Nature of business	Rental of building space and utilities services
Head Office	400/22 KASIKORN BANK Building, 6 <sup>th</sup> , 12 <sup>th</sup> Floor, Phaholyothin Rd., Samsen Nai, Phaya Thai, Bangkok 10400
Registration no.	179/2550
Registered capital	3,300,000,000 Baht
Paid up capital	3,300,000,000 Baht
% of Shareholding	33.00%
<b>Name</b>	<b>PVR Blu-O Entertainment Limited</b>
Nature of business	Bowling, Karaoke and Entertainment
Head Office	61 Basnt Lok, Vassant Vihar, New Delhi 110 057 India
Registration no.	U74120DL2008PLC176081
Registered capital	INR 400,000,000 (INR 400,000,000 x 0.4947) = 197,880,000 Baht
Paid up capital	INR 365,238,080 (INR 365,238,080 x 0.4947) = 180,683,278 Baht
% of Shareholding	49.00%
<b>Name</b>	<b>PVR Limited</b>
Nature of business	Cinema & Entertainment Complex operator, concession vendor
Head Office	61 Basnt Lok, Vassant Vihar, New Delhi 110 057 India
Registration no.	55-67827
Registered capital	INR 937,000,000 (INR 937,000,000 x 0.4850) = 454,445,000 Baht
Paid up capital	INR 467,385,880 (INR 467,385,880 x 0.4850) = 226,682,152 Baht
% of Shareholding	1.93%
<b>Name</b>	<b>CJ Major Entertainment Co., Ltd.</b>
Nature of business	Producing and distributing film domestically and internationally
Head Office	1839 Phaholyothin Rd., Ladyao, Jatujak, Bangkok 10900
Registration no.	0105559037388
Registered capital	135,000,000 Baht
Paid up capital	70,000,000 Baht
% of Shareholding	49.00%

# Nature of Business

Major Cineplex Group Plc. (MAJOR) is Thailand's leading Lifestyle Entertainment Company established in 1995 and MAJOR was listed on the Stock Exchange of Thailand (SET) in May 2002 with core business of Cinema, Bowling Karaoke and Ice skating rink, Rental and services, Advertising service and Movie contents. For past years of business growth, the company is moving toward to be **"The World's Best Cinema and Total Lifestyle Entertainment Complex Provider"**. Moreover the company has also focused on the best technology and innovation to serve the better service to customers as in the scope of our slogan "Sharing the world's best entertainment dreams". To broaden its network of lifestyle entertainment portfolio as well as establishing partnerships for sustainable future growth, At year-end 2016 the company also invests:

- **23.86% in Siam Future Development Plc. (SF)** – a lifestyle-neighborhood-mall developer.
- **40% in Thaiticketmajor Co., Ltd. (TTM)** – a ticket master for concerts, sport events, transportation, etc.
- **33% in Major Cineplex Lifestyle Leasehold Property Fund (MJLF)** – a real-estate investment trust (REIT) as rental of building and utilities service.



- **3.95% in PVR Limited (PVRL)** - a leading, premium multiplex cinema exhibition company in India.
- **49% in PVR Blu-O Entertainment Ltd.** - joint venture with PVR Ltd., a leading, premium multiplex cinema exhibition company in India, to set-up bowling alleys, karaoke centers across India.
- **69.97% in Major Platinum Cineplex (Cambodia) Co., Ltd.** – Cinema and Bowling service in Cambodia.
- **59.97% in Major Platinum Cineplex (Laos) Co., Ltd.** – Cinema service in Laos.

## Cinema Business

Mr. Vicha Poolvaraluk, the founder of the company built a first standalone "Cineplex" in 1995, with typically built on a long-term leasehold land (20-30 year). The standalone Cineplex is about 7-10 floors building combines customer experiences of cinema & entertainment complex that including of films selection in the multiplex cinema format, and also variety of restaurants, banks, and many other lifestyle shops in one stop with a strong "movie culture" in Thailand which continuous flow of moviegoers traffic every week, the retails space in the standalone Cineplex has been able to sustain a high occupancy rate in access of 90% and above at all time. At year-end 2016, the company has operated 5 locations standalone Cineplex

located in Bangkok, Pinklao (The first standalone in Thailand), Sukhumvit, Ratchayothin, Major Rangsit and Esplanade Ngamwongwan-Kaerai.

Besides the standalone cineplexes, the company also expanded in another three expansion models to across nationwide:

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

Shopping mall model is one category of expansion when there were sprouting up rapidly & practically everywhere. Major could expand faster with this platform without spending too much capital expenditure as much as the standalone cineplexes

model. Also in year 2004, Major took a stake in Siam Future Development Plc. (Siam Future) - a lifestyle-neighbor-mall developer, which was an alternative expansion model, a lifestyle neighborhood mall is typically built on a smaller plot of land (3 - 5 acres) next to the residential areas which takes only 6-12 months for a construction to complete, thus serving customers in the metropolitan areas as well as more urbanized areas around the country. When Major becomes as anchor tenant, Siam Future Development has grown exponentially with retails space increased significantly in the past years. The synergy is extremely well pronounced. The company could rapidly penetrate into

the residential areas providing an enhanced convenience access to the moviegoers. Siam Future, on the other hand, could fill up its retail space easily having cinema & bowling anchoring in its lifestyle neighborhood malls. The hypermarket model is another expansion model in the provincial areas. The company builds cinemas & bowling in the hypermarket structures as an anchor tenant. For the provincial dwellers, hypermarket or discount store supercenter serves as a perfect destination, not only for shopping but also for family entertainment, in a very similar fashion as shopping malls are to the urban people. The company joins with two hypermarket operators, Tesco Lotus & Big-C.

Domestic branch	Screens	Seats
Major Rangsit	16	3,465
Ngamwongwan	16	4,200
Siam Paragon	16	4,476
Mega Bangna	15	3,445
Ratchayothin	15	3,740
Seacon	14	3,311
Major Pinklao	13	3,850
Central Westgate	12	2,365
Esplanade	12	2,725
Samrong	12	2,228
Central Pinklao	11	1,973
Bangkae - Seacon	10	1,832
Bangkapi	10	2,256
Bangna	10	1,954
Central Chiangmai 2	10	2,435
Central Hatyai	10	2,361
Future Rangsit	10	1,701
Korat	10	2,548
Rama II	9	1,710
Rama III	9	2,596
Central East Ville	8	1,232
Central Rayong	8	1,530
Lotus Bangyai	8	2,050
Paradise Park	8	1,550
Pattaya	8	1,748
Promenade	8	1,911
Quartier Cineart	8	1,436
Sukhumvit	8	1,746
Udonthani	8	2,120
Central Ubon	7	1,566
Chaingmai	7	1,843
Fashion Island	7	1,476
Ladprao	7	908
Nonthaburi	7	827
Ramkhamheang	7	2,114
Sahathai Suratthani	7	1,408
Ayutthaya City Park	6	1,500
Bluport	6	1,203
Lotus Suratthani	6	1,298

Domestic branch	Screens	Seats
Petkhasem	6	1,746
Robinson Saraburi	6	1,317
Samsen	6	1,505
Amatanakorn	5	1,310
Aomyai	5	1,224
Big C Buriram	5	1,329
Big C Lopburi	5	1,101
Big C Roi-Et	5	1,277
BigC Chanthaburi	5	1,338
Big-C Mahachai	5	1,168
Central Phitsanulok	5	1,169
Chacheangsao	5	1,711
Changwattana	5	1,040
Chiangrai	5	1,231
Diana Hatyai	5	1,051
Lotus Khonkaen	5	1,228
Lotus Khonkaen Pratunam	5	1,041
Lotus Songkla	5	1,243
Lotus Srinakarin	5	1,259
Lotus-Baan pong	5	1,442
Nakhonsawan	5	1,138
Robinson Samutprakan	5	1,165
Salaya	5	1,003
Ubonratchatani	5	826
Ayutthaya	4	1,313
Big C Lampang	4	866
Big C Ratchaburi	4	948
Big C Suksawat	4	912
Big C Suphanburi	4	1,068
Big C Udonthani	4	844
Chonburi	4	1,063
Hua Hin	4	1,404
Jampha Lamphun	4	1,092
Kampaengphet	4	1,008
Krabi	4	1,134
Lotus Klaeng	4	1,079
Lotus Maesod	4	1,184
Lotus Nakhonsrithammarat	4	876
Lotus Nakhonpathom	4	890

Domestic branch	Screens	Seats
Lotus Nakhonsawan	4	972
Lotus Nongbualumphu	4	994
Lotus Suphanburi	4	839
Lotus-Navanakorn	4	1,194
Nakhonsrithammarat	4	971
Petchaboon	4	1,144
Phitsanulok	4	1,067
Robinson Mukdahan	4	1,016
Robinson Roi Et	4	961
Robinson Sakonnakhon	4	856
Saraburi	4	1,100
Siracha	4	1,181
Thanyaburi	4	1,020
The Sky Ayutthaya	4	951
Big C Ranong	3	694
Central Samui	3	672
EGV Big C Lamphun	3	738
Lotus Nadee	3	669
Lotus Satun	3	707
Phangnga	3	634
Phayao	3	652
Samui	3	918
Big C Banphai	2	546
Big C Nakhonphanom	2	616
Big C Nan	2	498
Big C Prachinburi	2	712
Big C Samutprakarn	2	348
Big C Sichon	2	456
Lotus Chana	2	546
Lotus Phayakkaphum	2	398
Lotus Phimai	2	377
Lotus Prachuap	2	192
<b>International branch</b>		
Aeon Mall - Cambodia	7	1,578
Vientiane Center - Laos	5	1,148
Pakse - Laos	4	1,087
<b>Total</b>	<b>678</b>	<b>158,632</b>

Currently the company commands over 70% market share of the Thai cinema industry. Because of in 2004 the company was due to the acquisition of EGV Entertainment Plc., with their market share was about 23% at that time.

At year-end 2016, the company operated 10 different brands:

- Major Cineplex
- Paragon Cineplex
- Paradise Cineplex
- Hatyai Cineplex
- Westgate Cineplex
- EGV Cinemas
- Esplanade Cineplex
- Mega Cineplex
- Quartier CineArt
- Cineplex

The company has totally 113 branches in Thailand and overseas, which include 678 screens and 158,632 seats. Because of “underscreened” situation in Thailand, the company plans to add around 70-80 new screens in year 2017, and continue to expands approximately at least 50-80 screens in every year to cover all areas in nationwide.

The company concentrates every segment of customers and provides all kind of innovation to serve customers as of RealD, 2D, 3D, 4DX, IMAX in order to complete the customer’s entertainment and experiences. The company offers cinema services covering the full spectrum of the customer segments. “Major Cineplex” is explore to many new areas across nationwide to serve customer experiences with several of international standard designs and fragment type of cinemas as well.

Also the full function service & newest innovations are created to serve hi-end customers in the “six-star” ambience at the “Paragon Cineplex”. For example, the “Bangkok Airways Blue Ribbon Screen” at the Paragon Cineplex, where is equipped with fully-reclined, genuine leather seats in cubicles along with pillows & blankets in the entire auditorium seating, serving foods and beverages in personal lounge before watching the movie, and also this cinema is the first cinema in Thailand which offering spa service.

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

Moreover, the 4DX Theater which Major hold executively license in Thailand, opened the first 4DX screen at Paragon Cineplex in 2011. With specially designed seats, 24 types of incredible effects and the 3D digital screening system, this celluloid innovation exposes movie-goers to all sensational experience of motion pictures, light, sound, tactility, and scents. All effects—3 degree-of-freedom movements, air blows, scents, vibration and leg tickler— will excite the audiences with new flavors of movie-watching experiences. Via special 4D glasses, audiences will enjoy lively motion pictures shown on silver screen of Master image 3D system.

At year-end 2016, the company has operated 9 locations of 4DX theaters: Paragon, Ratchayothin, Central festival Chiangmai, Central festival Hatyai, Central Plaza West Gate, The Promenade, Central Festival East Ville, The Mall Korat and Aeon mall - Cambodia. For oversea expansion, the company opened Cineplex in 2 countries and 3 different areas. First location was in Cambodia at Aeon Mall on area 4,450 sq.m. located in the center of Phnom Penh, Cambodia including 7 screens 1,578 seats, provide 7 theatres of 2D and 3D system, 1 theatre for VIP screen and 1 theatre 4DX screen. Second is in 2015, our company opened theatre in Vientiane, Laos with 5 theatres, 1,148 seats. The third location is also in Laos at Pakse where we provide 4 screens and 960 seats in 2016.

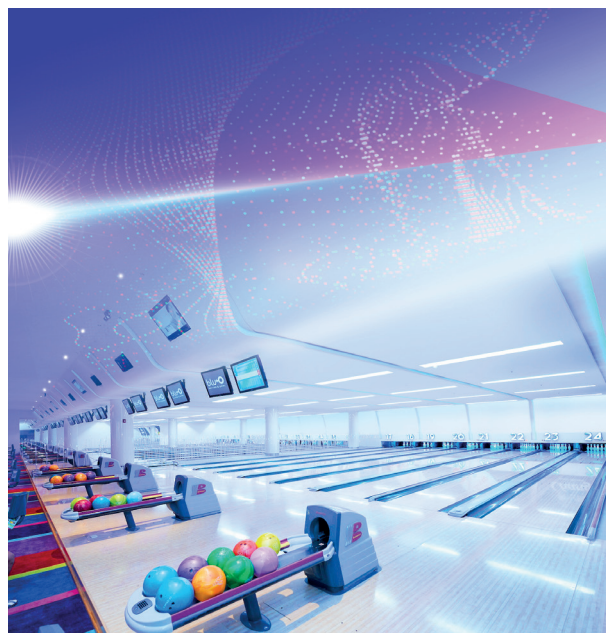


## Bowling, Karaoke and Ice Skating Business

Bowling & Karaoke business has become part of the portfolio of lifestyle entertainment services since 1997. The first location located at Major Sukhumvit Standalone Cineplex, with 20 bowling lanes. Rather than being a typical sports bowling venue, “Major Bowl Hit” is launched with an “entertainment bowling” concept and positioning its as friends & families can come in & enjoy the game. In 2006, “Blu-O Rhythm & Bowl” was introduced, targeting at the high-end of the consumer segmentation in the metro areas. The first Blu-O Rhythm & Bowl was put up at the Siam Paragon, by providing 38 bowling lanes, 16 karaoke rooms, include 2 Platinum rooms with 4 exclusive bowling lanes each & karaoke facilities. Continuously, the company opened more branches under “Blu-O Rhythm & Bowl” brand. For oversea expansion, in June 2014, the company expanded the Bowling Business in Cambodia. This new branch offered 13 bowling lanes including 1 Platinum room. Furthermore, “Sub-Zero: the Ice Skate Club” is the latest lifestyle entertainment become one of the most popular meeting joints for the hip & cool customer segments in town with the concept of “sport and entertainment”. The company also provides academy ice rink by offering Figure and Hockey class. Sub-zero has a compact ice skating rink of about 800 – 1,000 sq.m. per branch. In 2015, the company operated 5 branches of ice skating comprising Esplanade Ngamwongwan-Kaerai (December 2009), Sukhumvit (March 2012), Mega Cineplex (May 2012), Central festival Chiangmai (November 2013), Central festival Hatyai (December 2013).

At year-end 2016, the company operated 15 bowling locations comprising 290 lanes, 174 karaoke rooms and 5 ice skating rinks in Thailand and Cambodia.

In 2008, the concept of entertainment bowling expanded internationally into India. A joint venture company, PVR Blu-O Entertainment Co., Ltd. (PVR Blu-O) was set up to operate entertainment bowling business in India in the partnership of PVR Limited, a leading cinema operator incorporated and listed in Stock Exchange of India. The first “Club Fashion Bowling” operated by PVR Blu-O has been commercially opened since March 2009 in Ambiance mall – Gurgaon, New Delhi. In 2015, PVR Blu-O had 6 branches of bowling



business in India which are at Gurgaon (24 Lanes), Orion Mall-Bangalore (27 Lanes), Market City-Pune (17 Lanes), Market City-Bangalore (16 Lanes), Elante mall-Chandigarh (25 Lanes), Pavilion mall-Ludhiana (16 Lanes) as totally 125 Lanes.

Domestic branch	Bowling Lanes	Karaoke Rooms	Ice Skating Rinks
Siam Paragon (Blu-o)	38	15	-
Ratchayothin (Blu-o)	26	19	-
Rangsit (Blu-o)	26	17	-
Mega Cineplex (Blu-o)	24	25	1
Esplanade Ngamwongwan-Kaerai (Blu-o)	24	13	1
Esplanade Ratchada (Blu-o)	22	17	-
Pattaya (Blu-o)	22	9	-
Pinklao (Blu-o)	20	15	-
Sukhumvit (Blu-o)	20	10	1
Udonthani	16	7	-
Central Festival Hatyai (Blu-o)	15	10	1
Changwattana	14	9	-
Chonburi	10	8	-
Central Festival Chiangmai	-	-	1
<b>International branch</b>			
Aeon Mall - Cambodia	13	-	-
<b>Total</b>	<b>290</b>	<b>174</b>	<b>5</b>

## Rental and Services Business

The company operates retail space in the Standalone Cineplex to fulfill the lifestyle entertainment model by offering the customers with various entertainment services beyond movie, bowling, karaoke and ice skating. The company selects trendy brands that offer distinctive products and services that match customers' lifestyle and satisfaction. There are 2 types of retail space which are – long-term lease contract which is more than 3 years and short-term rental contract which is less than 3 years.

As the Cineplex becomes “destination” for lifestyle entertainment, the company is able to attract many leading international chains as well as the newly emerging local brands. With the intense competition among the quick-serve restaurant chains, every brand is in need of new rental space to expand their new branches. This has resulted in high occupancy rate in every location. Moreover, company provides all services in space rental which are the electricity, air-conditioned services, fire protection system, cleaning and security system as well as common area management services such as elevator, escalator and parking. In 2014 the company has renovated the area outside of cinema building at Major Ratchayothin location and furnished property to international theme called “Center Point @ Major Ratchayothin”. This shopping center has variety shops, including clothes shopping, beauty complexes, and restaurants, and also has outdoor activities such as secondhand market, activities areas or mini-concerts to serve the company's concept. However a construction of BTS project called the Green-Line (North), from Mochit to Saphan Mai had been constructed since March 2016, the extended line is scheduled to operate in 2020. In this meantime, Major got significantly impact from decreasing of rental revenue



as well as occupancy rate declined. Therefore, the company expects that the rental revenue will get sustainable growth once the construction is completed.

Branch	Areas (sq.m.)	% Occupancy
Metropolis	21,961	100%
Ngamwongwan-Kaerai	11,537	78%
Sukhumvit	6,617	92%
Ratchayothin	2,919	98%
Samrong	2,148	38%
Rangsit	1,564	94%
Aomai	1,150	100%
Future Rangsit	688	100%
Ramkamheang	451	73%
Samui	378	61%
Siam Paragon	374	78%
Nakhon Sawan	190	100%
Phitsanulok	186	100%
Rama II	133	100%
Quartier Cineart	120	100%
Bangkapi	110	100%
Lotus Navanakorn	99	100%
Chiangmai	30	100%
<b>Total</b>	<b>50,656</b>	<b>90%</b>

## Advertising Services Business

From the increasing of business's expansion and attracts more than 25 - 30 million of customers annually. A subsidiary called “Major CineAd Co., Ltd.” has been established to engage the advertisers and media agencies with full-range of advertising services, ranging from simple cinema screen advertising to fully-integrated below-the-line media solutions incorporating all media available in the Cineplex network across nationwide. With additional revenues generated on the existing assets, it makes the advertising business, which “Cinemia” can contributed more than 85% of gross margin.

As of now, cinemia integrate below-the-line media solutions for many dominant players into many industries. The solutions include the screen advertising and also new media like VDO walls, tri-vision, plasma screens, menu board, outdoor media (Billboard/ Cut-out) and 4D Ads - the newest innovation for only in theatre. In addition, the company has got several activities such as interactive media and cross promotion to increasing the advertising revenue as well as admission sales consequently with Cinemia, another effective channel to advertise and direct to the target market than other general advertising media, it continuously creates an increasing of growth rate in every year.

## Movie Content Business

The company has a strategic investment in the film distribution business through its 92.46% stake in M Pictures Entertainment Plc. (MPIC). The company invested in film distribution business directly; on the theatrical side, the company held a stake in M Pictures Co., Ltd. (MP) which provided the upstream theatrical distribution services. On the downstream home entertainment distribution side, the company held a stake in Pacific Marketing and Entertainment Group Co., Ltd. whose name has subsequently been changed to MVD Co., Ltd. (MVD). In July 2009, MP & MVD had been merged to MPIC to create an integrated distribution company. In 2016, the company has several subsidiary companies under theatrical business, which includes:

- M Picture Co., Ltd. 92.46%, Distributing of film rights for cinema services, VCD/DVD production and TV broadcasting.
- M Thirtynine Co., Ltd. 92.46%, Film Production.
- M.V.D. Co., Ltd. (“MVD”) 92.46%, Distribution of VCD/DVD, Blu-ray and film rights.
- Pacific Media Sale Co., Ltd. 91.91%, Distribution of CD, VCD and DVD. (Subsidiary under M.V.D.)
- Talent One Co., Ltd. 83.22%, Printing, Distributing pocket book, and Film production.
- Metacognition Co., Ltd. 55.48%, Advertising Agency Businesses.
- Major Kantana Broadcasting Co., Ltd. 41.61%, Satellite broadcasting and distribution of film rights.
- MVP M Pictures Distribution (Lao) Co., Ltd. (“MVP”) 36.98%, Film Distribution in Laos
- Transformation Film Co., Ltd. 26.42%, Film Distribution. First production is “Chiang Khan Story”



The revenue of the company was increased in year 2016 from successful Thai movie called “Jazz 4G” which produced by the subsidiary company thus this movie become the most highest grossing revenue of the year. And company also distribute large amount of number of independent movie licenses in year 2016 as well as company concentrate to be part of develop Thai movie industry according to seeking for sustainable growth in nationwide and international market so the company invested in the new subsidiary company called ‘Metacognition Co., Ltd. which has 2,000,000 baht registered capital, in total of 20,000 shares with 100 baht per share. Their main purposes are produce contents and process on work planning to serve online and offline advertising in order to support the operation of Major group to become even stronger on the contrary of replacing produce and distribute VCD/DVD which was declined from business scale down from the new innovation which satisfies or attracts more consumers.

# Strategic Investments

## Siam Future Development Plc. (SF)

The company currently invests 24.89% in Siam Future Development Plc., a lifestyle-neighborhood-mall developer. Siam Future develops low-rise lifestyle malls, open-air building located next to the residential areas. The rationale for the investment in 2004 was synergy to each other. The company is an anchor tenant that generates traffic to the lifestyle malls. With rapid expansion of Siam Future contributed sustainability growth to Major, especially in the metropolitan areas where the company wants to expand location nearby the customer's residential areas. Siam Future was listed on the Stock Exchange of Thailand with the symbol SF.

On 20 December 2016, MAJOR has purposed to make Voluntary Partial Tender Offer to purchase ordinary shares of Siam Future Development Public Company Limited ("SF") in the amount of not exceeding 428,346,412 shares or equal to not exceeding 24.11 percent of paid-up capital of SF which MAJOR had obtained an approval from the Extraordinary General Shareholders' Meeting ("EGM") of SF No.1/2016 held on 3 October 2016. The Objectives of MAJOR to invest in SF and make a long-term investment in SF which are important strategies in order to expand business and diversify risks to MAJOR and MAJOR foresees opportunities from expansion its cinema business and receive the return from business operation and financial performance of SF in the future.

## Major Cineplex Lifestyle Leasehold Property Fund (MJLF)

The REIT was registered June 2007, two standalone cineplexes (Major Ratchayothin & Major Rangsit) were initially injected into the MJLF, raising Baht 2.3 billion of cash. The company reinvests 33% of this fund, while the remaining amount was reinvested into a brand new standalone cineplex in Ngamwongwan-Kaerai area and a new lifestyle mall, Major Avenue @

Ratchayothin, a 50:50 joint venture between MAJOR & Siam Future. This development marks an important step for the group as MJLF becomes a vital vehicle for sustainable future growth. The company can now expand with the original standalone cineplex model without raise capital. The standalone cineplexes with much bigger size of cinema screens & bowling lanes are expected to drive higher rate of growth for the income statements than the balance sheets, enabling the company to adopt the "asset-light" strategy with hope to generate higher rate of returns going forward. MJLF is listed on the Stock Exchange of Thailand with the symbol MJLF.

## Thai Ticket Major Co., Ltd. (TTM)

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

## PVR Limited. (PVRL)

Incorporated and listed in the Stock Exchange of India, PVR is a leading and premium multiplex cinema exhibition company in India. PVR pioneered the multiplex revolution in India by establishing the first multiplex cinema in 1997. Currently, our geographically diverse cinema circuit in India consists of 123 branches with 569 screens. End of 2016, the company's shareholding in PVR is 1.93% PVR is listed on the Stock Exchange of India with the symbol PVRL.

### **PVR blu-O Entertainment Ltd.**

A joint venture company, namely PVR blu-O Entertainment Ltd. (PVR blu-O), was set up in 2008 by PVR Limited & MAJOR. While adding a new lifestyle entertainment to PVR's business model, PVR blu-O is to introduce a new experience of entertainment bowling to the Indian patrons and provide the company with an opportunity to unlock potential growth to Indian market. In 2016, the company holds 49% of PVR blu-O. Both of these investments (in PVR and PVR blu-O) can be considered as a great opportunity to tap into the enormous growth potentials that the Indian market has to offer.

### **Major Platinum Cineplex (Cambodia) Ltd.**

The company has policy to expanded the Cinema Business to Asean Economics Community (AEC) which Phnom Penh - Cambodia was the first market to invest, It's coordinate between Major Holding International Co., Ltd. (Subsidiary) and Platinum Cineplex (which incorporated in Cambodia) invest in the company called "Major Platinum Cineplex Cambodia Co., Ltd." in order of a 70:30 ratio, to opened "Major Cineplex" with 7 screens of the world class luxury cinemas and 13 Bowling Lanes.

### **Major Platinum Cineplex (Laos) Ltd.**

Major Holding International Co., Ltd. coordinated with Platinum Cineplex Co., Ltd. under "Major Platinum Cineplex" brand, opened 5 theaters at Vientiane Center, located at the center of Vientiane Capital in Laos. Major Holding holds 60% and Platinum Cineplex holds 40%.

### **CJ Major Entertainment Co., Ltd.**

On 9 March 2016, the joint venture has been made between MAJOR and CJ E&M Co., Ltd. - the biggest entertainment enterprise which providing all channel and range of media advertising, especially in cinema field that CJ E&M is the largest business who produce and distribute film in Korea. MAJOR has jointed with CJ under the name 'CJ Major Entertainment Co., Ltd.'

The company is holding 245 shares for a consideration of Baht 2.45 million. Investment in CJM representing 49.00% of the registered shares is classified as investment in associate taking into account of controlling power and returns. The equity method of accounting is applied to this investment in the consolidated financial information.

On 28 March 2016, CJM increased the authorized share capital by issuing 6,500 new shares at par value of Baht 10,000 per share. The company additionally acquired shares of CJM for a total consideration of Baht 31.85 million in order to maintain shareholding interest of 49.00%. The first production called "Suddenly Twenty", which was released in December 2016.

# Risk Factors

The company has its own risk management policy. The following are business risks and risk mitigation.

## Risk from film release

Cinema exhibitors have to greatly rely on the steady flow of films. The absence of new movies definitely bright about loss in revenue because income from movie show accounts for 72 of the whole revenue. The main income of the cinema is from ticket sale and the sale amount depends on the number of movies show as well as the popularity of each movie. Indeed, cinema is the primary and paramount channel to deliver the movie, so the movie producer and movie owner have to rely on the cinema so as to pave the way for the subsequent movie redistribution in the form of DVD and VCD. Consequently, the interaction among cinema exhibitors, movie representative and movie producers are independent in nature. In this regard, the common goal of the 3 mentioned parties to attain constant growth significantly mitigates the risk of film release. At present, the market share of the company is more than 70 (The evaluation of market share bases on ticket sale for each movie during the first week of show). The company holds market leadership which enhances its bargaining power against movie owners and movie representatives. In addition, the company's entry into movie producing business through M Pictures Entertainment Plc. The company support production and development movies to the film industry from subsidiaries and strategic partner experience. Also lessens the risk resulting from the off-peak period in which there is no grand movie from Hollywood.

Nevertheless, the company is committed to foster cooperative relationship with international and domestic movie producers because the nature of the industry requires interdependence. The company also makes agreement with the movie producer right

from the production planning of the movie to ensure effective risk management from film release.

## Risk from competition

As the industry leader in terms of modern facilities and prime locations, the company has incessantly continued expand its branches and modernize the existing theaters. There are four models of expansion: standalone cinema, shopping mall, lifestyle mall and hypermarket. This strategy aims at expanding customer base. However, the expansion and growth in branch of competitors also has impacts on the company in terms of possible revenue reduction and comparison of service and facilities by the consumers. The company is fully aware of such competition and hence it focuses on maintaining customer base and explore new customer group by offering additional entertainment experiences including bowling centers, karaoke service and other boutiques in the branch. The company also has constant revamp of the cinemas. These efforts enhance the potentials of the company, making it paramount cinema operator.

The other competitor for the cinema is VCD and DVD, legally and illegally produced. The DVD and VCD segment is growing because of a shorter cinema show period of each movie. However it is deemed that this risk is significant because visitors to the company branches can also enjoy other entertainments in addition to watching movies. For the piracy problem, the governments also make serious effort in suppressing those illegal DVDs and VCDs, driving down the number of these illegal media.

## Risk from new expansion

In 2017, the company is planning to increase 70-80 additional cinemas in Bangkok, the vicinity and upcountry. The total investment is 1,000 million baht. The expansion will be financed from financial

institutions and/or from publishing the debenture and/or from the cash in operation. The investment for the expansion may induce uncertainty, resulting from return on investment. The new operations may face delayed opening or higher expenditure due to increasing project cost. However, thanks to the well-established experience, the company has average pay-back period of 3-4 years per branch and the average IRR (internal rate of return) for each project is 15-20%. Prior to the project, a feasibility study is carefully conducted. Plus, the project locations are always situated in the residential areas, downtowns or near business districts. These factors ensure fruitful expansion. Nonetheless, if the payback period is longer than expected, the company may consider adjust the number of cinemas, bowling lanes, rental space or rental fee. Sometime, the expansion is co-invested with other partners including Siam Future Development Plc., and operator of the shopping mall. Such cooperation makes the company aware of the updated market insights as well.

### **Risk from management**

The business of the company has been established and become successful under the helm of Mr.Vicha Poolvaraluk, the founder of the company. Hence, it has been perceived that the company has to rely on his stature and experience while there is perceived risk from the change in shareholding among the company founders. Any change related to the founder may not only have ramifications on the relations with the movie producers but also has implication on the confidence in the company and the company revenue as a whole. However, such risk is unlikely given the ownership and bond which Mr.Vicha has developed with the company. His commitment to the company has resulted in uninterrupted growth and he is determined to take the company into another level. Moreover, the company has the policy

to constantly develop new executives for each business operation. They will be groomed by seasoned senior executives. This enhances the capability to handle risk from management.

### **Risk from fire accident**

The fire accident causes halt in business operation, leading to loss in revenue. However, the company has insurance policy for variance type of accident including fire with sufficient financial coverage for property, business stoppage and third-party liability. As preventive measure, the company has mandatory fire drills which are facilitated and organized by firefighters.

### **Risk from terrorism and Unrest**

The domestic unrest remains persistent. Though the risk in this regard may lead to reducing number of moviegoers and decrease in the company revenue, it is considered that the risk from unrest and public security is insignificant. The company always places important on strict security measures. Stringent security surveillance is employed as preventive measure in order to reduce the chance for any disorder in the areas under the company jurisdiction. The company is also equipped with CCTV system and metal-detection machines to further secure the property for all people concerned.

### **Unexpected Risk**

In case of unexpected situation, the company prepares business continuing plan for deal with all risk management. This plan can be adapted for all situations. Then, the company could manage and adjust itself to mollify all risk by efficiency.

# Good Corporate Governance

The company is strongly committed to direct and operate its business by adhering to International standard. The company's Board of Directors used practice guideline Corporate Governance Self Assessment improved to Good Corporate Governance issued by the Stock Exchange of Thailand ("SET") to the company's efficient and transparent management system inclusive to strongly respect shareholder's right and has equal treatment towards shareholders providing accurate and sufficient of significant information for the best benefits of shareholders. In the last year, the company has implemented and maintained good corporate governance practice and complies with those five categories. Details are as follow;

## 1. Right of shareholders

### 1.1 Shareholders' right protection policy

The company's Board of Directors formulates the shareholder's right protection policy in writing in 2009. The policy emphasizes on allowing shareholders to have equal rights to have access to the company's operational performance; participating in various decision making; and protecting, promoting, and encouraging shareholders to fully exercise their rights; and not infringing shareholder's rights. Key policies are as follows:

#### Policy on shareholders' right protection

1. The Board of Directors is responsible for protecting and respecting basic rights of the company's shareholders, such as a right to purchase, sell or transfer shares, a right to the company's profit sharing; right to obtain sufficient information about the company's operation; right to attend the shareholder's meeting to appoint or terminate directors and independent auditors, approve dividend payment, formulate or amend Article and Memorandum of Association, and also a right to approve capital increase or reduction and special items.

2. The Board of Directors has duty to promote and support shareholders to exercise their right in various areas at the Annual General Shareholder's Meeting, including the right to propose meeting agenda in advance, the right to nominate persons as directors, the right to submit questions to the company prior to the annual shareholder's meeting and the right to openly express opinions and ask questions at the shareholder's meeting.

3. The Board of Directors shall not take any action which may infringe or limit shareholders' right.

4. The Board of Directors has responsibility to facilitate the applying of the shareholders' rights such as giving the significant information updated via website, inviting the shareholders to visit the theatre, etc.

### 1.2 Allowing shareholders to study information prior to the shareholder's meeting

- The Board of Directors and the company's administration has implemented a policy on shareholder's right, which covers the areas beyond those required by law, especially the right to receive information and significant information. At the Annual General Meeting of the Shareholders for the Year 2016 on 5 April 2016, the company provided sufficient opportunity for shareholders to study the information for 30 days prior to the meeting date and document of the Annual General Meeting were published both in Thai and English languages. The information published on the company's website: [corporate.majorcineplex.com](http://corporate.majorcineplex.com) is as follows:

1. Invitation to the Annual General Meeting of the Shareholders for the Year 2016
2. Attachment 1: The minutes of the Annual General Meeting of the Shareholders for the Year 2015
3. Attachment 2: Annual Report for the Year 2015 in CD-ROM format

4. Attachment 3: Background of directors who are nominated for reappointment replacing directors who retire at the expiration of their terms, and directors' authority for 3 persons
5. Attachment 4: Directors remuneration details for the year 2016
6. Attachment 5: List of independent auditors and auditors' remuneration
7. Attachment 6: Document to confirm shareholder's right to attend the meeting
8. Attachment 7: Independent directors' details (for proxy)
9. Attachment 8: Proxy form
10. Attachment 9: The company's rules related to shareholder's meeting
11. Attachment 10: Map of the meeting venue

• The information and document of the Annual General Meeting of the Shareholders for the Year 2016 were published in both Thai and English languages and are the same as the printed document mailed to shareholders by Depository for Securities (Thailand) Limited (TSD), the company's registrar. Shareholders were given sufficient time to study the information before receiving the printed document from the company 7 days in advance before the meeting.

• In the meeting day, the company facilitated shareholders to exercise their rights to attend the meeting by implementing a barcode system for registration and vote counting, as well as providing the stamps for proxy authorization. The label of registered shareholders was provided for access convenience while meeting, without timeless to recheck their documents.

• After the Annual General Meeting of the Shareholders for the Year 2016, the company compiled the document, including agenda, meeting resolutions, voting results, questions and shareholders' opinion expressed at the meeting, and prepared the "Annual

General Meeting of the Shareholders for the Year 2016 Minutes" for publishing on the company's website.

### **1.3 Preventing limitation of shareholders' right**

• The company's Board of Directors did not take any action that might infringe or limit shareholders' right must to published all the information on its website prior to the Annual General Meeting of the Shareholders for the year 2016. The company did not distribute additional document containing significant information during the meeting, or add or change meeting agenda or amend significant information without prior notice.

### **1.4 Providing convenience in shareholders' right exercising**

• The company provided sufficient convenience for shareholders and shareholder's proxy to register to attend the meeting by implementing a barcode system for registration and vote counting as well as distributing voting ballots to the shareholders before the meeting began.

• The company clearly stated shareholders' meeting rules and process in the meeting invitation. The moderator of the meeting also informed the attending shareholders of the rule and voting process at the meeting. The shareholders' meeting minutes also included a record that the meeting was informed of the rules and voting process.

• The company invited its shareholders to exercise their right to site visit. The company also regularly updates information and significant information published on its website.

### **1.5 Giving sufficient time and opportunity for shareholders to express their opinions**

• The company provided opportunity for shareholders to ask questions related to the meeting

agenda openly express their opinion. The chairman of the Board of Directors asked the meeting at the end of each agenda. Questions related to the meeting agenda or the company and shareholders' opinion, as well as the answers or clarification by the Board of Directors or the company's management were all record in the meeting minutes.

- The company arranged for voice recording of the shareholder's meeting, and disclosed the significant issues raised during in the meeting minutes for reference in the future and enable shareholders who could not attend the meeting to catch up with the meeting details.

### 1.6 Meeting attendance of directors

With fully respect of shareholder's right, all the 11 members of the Board of Directors attended Annual General Meeting of the Shareholders for the year 2016. It could conclude that the company still developed organizing the 2016 Annual General Meeting of Shareholders as more strict than the Good Corporate Governance guideline.

## 2. Equitable treatment towards minor shareholders

The Board of Directors respect shareholder's equal treatment formulated the minor shareholder as follow:

- The company allowed shareholders, individual or in groups holding minor shares of at least 100,000 shares for no more than 12 consecutive months, to propose meeting agenda 2 months prior to the Annual General Meeting of the Shareholders for the Year 2016 or from 2 December 2015 to 31 January 2016. The criteria for proposing meeting agenda in advance was published on the company's website. The Board of Directors' secretary was assigned to compile the meeting agenda and proposed to the independent directors for consideration and to make them the official meeting agenda to the Board on February 2016. In 2016, none of shareholders proposed meeting agenda.

- The company opened opportunity for shareholders, individual or in groups to nominate

persons to be appointed as directors or submit questions related to the meeting agenda 2 months prior to the Annual General Meeting of the Shareholders for the Year 2016 or from 2 December 2015 to 31 January 2016. The company's secretary was assigned to compile the nominated person's details and proposed to the nomination committee to consider the qualifications of person nominated by minor shareholders in accordance with the company's nomination procedure and to make them the official meeting agenda to the Board on February 2016. In 2016, none of shareholders made nomination.

- The Board of Directors follows shareholder's right protection policy in order to allocate appropriate time for consideration and to conform to the meeting regulations, the company did not propose new agenda during the meeting or distribute additional document for shareholders consideration without prior notice.

- The Board of Directors encouraged shareholders to select the proxy form that provides them with freedom to select voting decision – agree, not agree, abstain, by preparing Proxy B form. The company also prepared the proxy A (general) and proxy C (for custodian) for its shareholders and published them for easy download on the company's website 30 days prior to the meeting.

- The Board of Directors provided convenience for shareholders who could not attend the meeting but wish to exercise their voting rights by allowing them to assign proxy. The company arranged for 2 independent directors to attend the meeting and vote on behalf of the shareholders; (i) Mr. Chai Jroongtanapibarn, Independent Director and Chairman of Audit Committee (ii) Mr. Vallop Tangtrongjit, Independent Director and Audit Committee Member. Shareholders can appoint one of the two independent directors as their proxy.

- The Board of Directors encouraged the meeting to use voting ballots. Voting ballots were prepared for each agenda, such as dividend payment and independent auditor remuneration, for transparency and reference in case of objection later

- The Board of Directors formulated to executive directors and employees use internal information for advantage in Code of Conduct cover internal information security trading, conflict of interest and confidentiality announce in the Good Corporate Governance guideline, meeting and company's website. The company's secretary was responsibility announces disclosure rules to the Board of Directors and executive director explain acquisition of security and disclosure related transactions between director and management.

### 3. Roles of Stakeholders

#### 3.1 Good corporate governance policy related to stakeholders

The Board of Directors has stipulated and concerned for all stockholders. Not only follow regulation but also create new policy to reach of good corporate governance, by measuring related to stakeholders include 7 parts as follows:

1. Employees and families
2. Customers and creditors
3. Shareholders
4. Business partners
5. Analysts, Investors and Financial Institutions
6. Competitors
7. Social, Community and Environment

##### 1. Employees and families

**The company sets policy on treatment towards employees as follows:**

1) The company shall appropriately reward employees by considering each employee's performance using measurable tools and with fairness. The rewards include monthly remuneration, overtime payment, bonus, production reward, life and health insurance and provident fund.

2) The company shall promote and develop employees' knowledge and skills, for example, by arranging training and seminar for executives and employees of all levels.

3) The company shall fairly and equally treat all employees, such as in performance appraisal,

work record confidentiality, and employee's benefits.

4) The company shall respect employees' right and provide opportunities for employees to speak up in case they are not treated properly by providing comment box or through Human Resources Department.

5) The company shall provide safe and hygienic work environment that enhance work efficiency and effectiveness.

#### 2. Customers and creditors

**The company sets policy on treatment towards customers.**

1) The company creates customers relationship and cooperation from honesty, reliability and confidence.

2) The company has the duty to build customer satisfaction with sufficient and appropriate responsibility and care, as well as giving priority to customer's problems and needs. The management and all employees shall respect the following measures:

- Committed to deliver quality products that directly meet the customer's requirement.
- Respect the conditions agreed with the customers.
- Equally propose price and trade conditions to customers in the same category.
- Provide the customers with accurate information about the product quality and qualifications to ensure confidence and fairness to the company's customers.
- Willing to address customer's needs and concerns as well as to handle complaints, to recommend and to monitor progress of the matters informed by the customers

**The company sets policy on treatment towards creditors.**

1) The company shall build relationship with and treat creditors with integrity and trust.

2) The company shall be responsible and best respect all conditions agreed with the creditors.

### 3. Shareholders

**The Board of Directors has formulated policy related to shareholders.**

1) The company has duty to protect and respect basic rights of shareholders which are the right to purchase or transfer shares; the right to receive the company's profit share, the right to receive sufficient information about the company's operation; the right to participate in the shareholder's meeting to appoint or terminate directors, appoint external auditor, approve dividend payment, allocate annual net profit, set or amend Article or Memorandum of Association, capital increase or decrease and approve special items.

2) The company has the right to promote and encourage shareholders to exercise their right at 'the Annual General Shareholders' Meeting, including the right to propose agenda in advance, the right to nominate directors in advance, the right to propose questions to the meeting prior to the meeting date, and the right to express opinion and ask questions in the meeting.

3) The company shall not take any action that may infringe or limit the shareholders.

### 4. Business partners

**The company sets policy on treatment towards business partners.**

1) The company is responsible for building good relationship with every business partner.

2) The company is responsible for providing equal opportunity for each business partner to propose products and services. The company's management and employees who are responsible for dealing with customers shall follow the measures below:

- Equally and fairly treat all business partners.
- Consider and make decision by comparing quality of products and related conditions for the best benefits of the company in both short and long term
- Keep confidentiality in relations to customers, not accept bribes or commissions from business partners and not disclose information or one or many business partners to other partners.

### 5. Analysts, Investors and Financial Institutions

**The company sets policy on treatment towards Analysts, Investors and Financial Institution.**

1) The company provides information to analysts, investors and financial institutions including the information about the financial performances, business outlook accordance with the regulations and good corporate governance policy.

2) All information including the news that might affect investment decision will be provided in the corporate website

### 6. Competitors

**The company sets policy on treatment towards Competitors.**

The company operates business within the fairness of trade competition. The company will not seek for the competitor's trade secrets in any dishonest or inappropriate ways also will not perform any management to destroy the competitor's reputation or discredit the competitors with baseless information which contrary to the company's business ethics.

### 7. Social, Community and Environment

**The company sets policy on treatment towards Social, Community and Environment.**

The company's commitment is to be a part of the sustainable social development. Therefore, the company has founded the "Major Care Foundation" with main achievement is fundraising to help the disadvantaged people in our social and to develop the surrounding society by promoting a lot of social activities to contribute public benefits and educations. The company's business is to provide the entertainment which has profuse relations with the society. For this reason, to avoid our operations causes an effect on the community, society and environment, the company has given priority to operate business strictly corresponding with the laws, regulations and related standards.

**The company sets policy on treatment towards Intellectual property.**

The company operates business under the intellectual property law, including copyrights, patents

and other specified intellectual properties, such as using the copyright computer programs and software. For this reason, the contributions to be used in the organization must be checked to assure that those contributions will not infringe anyone's intellectual property.

**The company sets policy on treatment towards Human Rights.**

The company respects to the fundamental human rights which is equivalent for employee and encourages employee to have personal coequal rights, freedoms and equivalences without violation of personal privacy. The company has fair employment and will not participate in any performances against the human rights.

**The company sets policy on treatment towards Anti-corruption.**

To let the directors, employees and other company's representatives operate the business on propriety, fairness, integrity, transparency and accountability in accordance with laws and business ethics, the company has defined the anti-corruption policies and regulations to prevent malpractice and corruption. The Board of Directors has assigned the Audit Committee to take responsible to control and report the risk of anti-corruption according to the anti-corruption policies and regulations. The anti-corruption policies and regulations are declared through the company's code of conduct of complaints regulations, whistleblowing measures and whistleblower protection.

The whistleblower who found out any complaints or corrupt clues should provide complaints or suggestions directly to the company through the provided channel. The whistleblower should disclose identity to the complaints department which will provide protection and keep all information confidentially. The responsible department will take action in collecting, screening and investigating the received complaints and clues according to the internal processes. In case of the investigation finished and whom the complaint referred is convicted, the suitable penalty will be considered under the company's

policy, regulations, majority votes of subcommittee and other relevant law. The internal audit manager will report cases of corruption to the Audit Committee.

The company has provided the following channel for complaints or suggestions related to corruption:

- Audit Committee  
Major Cineplex Group Public Company Limited  
1839, 1839/1-6 Phaholyothin Road Ladyao,  
Jatujak, Bangkok 10900  
E-mail auditcom@majorcineplex.com
- Call Center at 02 511 5427 ext 114
- The company's intranet for employees sticky.

## **4. Information disclosure and transparency**

### **4.1 Results of the execution of corporate governance policy.**

• In 2016, the company accurately, adequately, timely and transparently disclosed the information required by the SEC and SET through SET's online channel and the company's website. The company has never been punished by the SEC or SET for not disclosing the information as required. The company also regularly appraises the efficiency of information disclosure process and strictly follows the regulations on information disclosure.

• The company also published and regularly updated all significant information submitted to the SET and other information on its website as well as provided such information both in Thai and English for all stakeholders to have equal access to the information. The company has disclosed the annual report within 120 days from the ending of the company's fiscal year.

### **4.2 Remuneration of the directors and the management.**

• The remuneration committee formulated the policy on remuneration of directors, Chief Executive Officer and top executives for the year 2016 as follows:

The policy on remuneration to directors, chief executive officer and top executive directors

1. Remuneration of the company's directors, chief executive officer and top executive directors shall be set in accordance with their duty, scope of

responsibility, fairness and attractiveness, which should be equal to remuneration for directors in other listed companies in the same industry and similar size, as well as the size, as well as the company's performance, business environment and overall economic condition.

2. The remuneration committee shall be responsible for initial consideration and propose for the approval of the Board of Directors and the Annual General Meeting of the Shareholders the maximum remuneration of the year, position remuneration and meeting allowance.

3. The remuneration committee shall respect the resolution of the Annual General Meeting of the Shareholders on the remuneration budget and details which are also disclosed in the annual report. Remuneration that the directors received from positions in other companies, such as consultancy fee, and directorship in the company's subsidiaries shall also be disclosed.

4. Any director who currently holds management position in the company and receives remuneration in the forms of monthly salary will not be entitled for the remuneration.

- The remuneration committee proposed to the Board of Directors and the Annual General Meeting of the Shareholders for the Year 2016 to approve a total of no more than Baht 13 million remunerations for the nonexecutive directors. Remunerations for the directors are shown in remunerations of Board of Directors section. The company's directors who also hold directorship in subsidiaries did not receive remunerations from the subsidiaries.

#### **4.3 Board of Directors Report**

- The company prepared the Board of Directors responsibility towards financial statements together with the independent auditor's report (published in the annual report under chapter Board of Director's responsibility towards financial statements).

#### **4.4 Roles and duties of the Board of Directors and Committee**

- The Board of Directors performed their duties in managing the company's operation under the law,

objective and regulation of the company and the resolutions at the Annual General Meeting with honesty in the best interests of shareholders. The Board of Directors has appointed committees to assist in the detailed study of performance monitoring and filtering tasks as assigned

#### **4.5 Investor Communication**

- The Committee of the company adheres to the policy of disclosing correct, comprehensive, credible and sufficient information in a timely and transparent manner. This practice also applies to the information which may have impact on stock price of the company. The Investor Relations Team was established to serve as the representative to communicate with institution investors, stockholders, stock analysts and those in the government sector. The company's website is the main communication channel to convey information on company's profile, information of the industry, financial information, details of shareholders' meetings, the company's notification to the Stock Exchange of Thailand, and news reports which affect investment decisions. The company's website is an effective tool to enable investors to follow the company's information conveniently.

- The company also prepared a brief investor relations plan. The plan, which may be changed occasionally upon appropriateness, features the following details:

1. The company organizes a quarterly meeting with stock analysts. In case, the analysts seek any other information, the company will invite them for meetings with Investor Relations Team in a case-by-case basis.

2. Meeting potential investors (Roadshow) in overseas at least once a year

3. The company always strives to disseminate information for investors by participating in exhibitions held by Stock Exchange of Thailand, Investment Analysts Association or other organizations.

In addition, the information is provided in several channels such as IR line (02 511 5427 ext. 893), corporate website, one-on-one meeting, group meeting and site visit.

## 5. The Board of Director's Responsibilities

### 5.1 Policy on Good Corporate Governance

- The company's Board of Directors is committed to direct the business in compliance with the good corporate governance which is beneficial and important to promote efficiency and transparency of the company's operation, increase competitive advantages, and add long-term value to the shareholders. The Board of Directors and the administration have formulated good corporate governance practice and made them the company's policy in writing. The Board of Directors approved the policy which has essence as follows:

- Respecting shareholder's right on various matters, including allowing shareholders to propose agenda in advance for the shareholders' meeting, and nominating in advance persons to be selected as directors, etc. and not taking any action which may infringe or limit the rights of shareholders.

- Equitably and fairly treating all shareholders, investors, stakeholders and related parties.

- Accurately, adequately, equitably, and timely disclosing information to shareholders, investors, stakeholders and related parties through appropriate channels, including website, to enable shareholders and stakeholders to have easy access to the information.

- Performing its duties and responsibility in supervising and directing the operations of the company with integrity, ethics and prudence to achieve the company's goal and for the best benefits of the company and its shareholders, as well as preventing conflict of interest.

- Managing the company with transparency under sufficient internal control and audit system.

- Controlling and managing risks at the appropriate level.

- Operating the company with integrity and in compliance with laws and business ethics.

### 5.2 Structure of the Board of Directors and Committees

- The Board of Directors viewed that, considering its current scope of responsibilities, it is appropriate to have 11 members who have different qualification,

skill, experience and specialization that will benefit the company, and ability to contribute time and efforts to perform duty to strengthen the Board of Directors.

- The Board of Directors gives priority to transparency and therefore stipulated that the Board of Director chairman is an independent director and shall not be the same person as the Chief Executive Officer or President.

- The Board of Directors stipulated a formal and transparent process of director nomination which is free from influence from shareholders with control authority. The nomination committee shall nominate directors by considering education, capability, experience, etc. in accordance with the scope of responsibilities of the Board of Directors or committees. The nominee list will be proposed to the Board of Directors' consideration and appointment.

- The Board of Directors disclosed the list of the directors and committee members in terms of names, positions, age, education, shareholdings, work experience and relationship with the company's executives in various channels, including the annual report and the company's website.

### 5.3 Leadership and vision

- The Board of Directors has strong leadership, vision and independence in making decision for the best benefit of the company and its shareholders. Roles and responsibilities of each committee are clearly separated. The administration information for the Board of Directors consideration.

- The Board of Directors expects to a goal to ensure stable business with long-term sustainability and success in cooperation with the management in reviewing and ensuring that vision and mission best address the changing environment. The business goals, business plan and budget were prepared by taking into consideration the maximum added value and long-term stability of the company and its shareholders. The Board of Directors also direct the business and ensure that the business operation is efficiently executed by the management.

- The Board of Directors encouraged good corporate governance within the organization and formulated good corporate governance practice, code of ethics, measures and approval procedure of related transaction between the company and related parties or persons who may have conflict of interest, as well as clearly separated the authority of shareholders from that of the Board of Directors, the Board of Directors and the executives and other committees for balance of power and independence and transparency.

#### 5.4 Conflict of interest

- The Board of Directors shall consider related transaction that may cause conflict of interest between shareholders, directors and the management with best prudence, integrity, reasonableness and independence within good business ethic framework, and disclose complete information for the best benefit of the company. The Board of Directors shall strictly conform to the criteria and procedures or regulations set by SET and ask the Audit Committee to provide information about the necessity and appropriateness of such transaction.

- The Board of Directors formulated measures and approval procedure of related transaction between the company and its subsidiaries or persons who may have conflict of interest. The persons who may have direct and indirect conflict of interest shall not be allowed to make decision on the matter. The Audit Committee is required to participate in the consideration and provide opinions on the necessity and reasonableness of the items proposed for the best benefits of the company. The board of the financial statements prepared by using the generally accepted accounting principles published in the annual report.

#### 5.5 Business ethics

- The Board of Directors prepared the Management and Employees' Code of Ethics for the company's management and employees to use as guideline in performing their duties and to strictly and consistently implement in terms of business operations, equitable and fair treatment towards stakeholders, matters related to conflict of interest, information

confidentiality and possible fraudulent use of information, bribes, and gifts. The Board of Directors assigned the internal audit unit to monitor and audit the implementation of Code of Ethics.

- The Board of Directors shall monitor and ensure that the company's business operation, directors' ability to perform their duties, operation by the management, and employees work are within ethical framework in addition to the company's regulations and related laws.

#### 5.6 Balance of power for non-executive directors

- The Board of Directors structure comprised 6 non-executive and independent directors and 5 executive directors. As of 31 December 2016, the company had 11 members of the Board of Directors. The balance of power by non-executive directors was as follows:

##### Executive directors

5 persons (45%)

##### Non-executive and independent directors

6 persons (55%)

#### 5.7 Integration or segregation positions for managerial balance of power

- The Board of Directors clearly divides scopes of roles and responsibilities among the Board of Directors, Executive Committee, Audit Committee, Nomination and Remuneration Committee and chairman of executive committee , as well as the chairman of board with a clear stipulation that shall not be the same person as the Chairman of the Executive Committee or Chief Executive Officer not have any relations with the management in order to prevent any executive to have unlimited, check and balance management.

The Chairman of the Board of Directors performs his duties and responsibilities as the chairman of the committee including being the chairman of the Annual General Meeting of Shareholders to conduct the meeting properly and transparently. The chairman also provides adequate and equal opportunities for the meeting attendees to question and express their

opinions or suggestions as well as letting the attendees to take participation in discussing and voting for the significant issues.

Chief Executive Officer performs his duties and responsibilities in managing the company's operation; business plan, investment plan and annual budget plan to present to the Board of Directors for approval. The chairman's duties also include supervising and controlling the company's policies to achieve the preset goals.

## **5.8 Role and responsibilities of the Board of Directors**

- In 2016, the Board of Directors reviewed and approved significant operational matters and directed the management to efficiently implement the policy and effectively manage the budget.

- The Board of Directors reviewed the approved written good corporate governance policy at least once a year.

- The Board of Directors prepared and distributed the Code of Ethics in writing to directors, executives and employees; and reviewed other ethics for directors, executives and employees to understand ethical standards applied to its business operation. The Board of Directors assigned the internal audit department to monitor the execution of such standards.

- The Board of Directors provided financial statement control and regulations implementation. The internal audit department independently performed its duty in monitoring the implementation of these regulations and control measures and reviewed the system at least once a year.

## **5.9 The Board of Director's meeting**

- The Board of Directors convened at least 4 times a year and arranged the meeting in accordance with the company's rules, the Public Limited Company Act B.E. 2535 and SET's regulations. The chairman of the Board of Directors, in the capacity of the meeting chairman, shall promote prudence in any consideration, provide sufficient time for the management to present significant information and for directors to discuss the

matter. Meeting minutes for every meeting was made for future reference and checking. The directors are responsible for attending every meeting of the Board of Directors except in case of extreme necessity.

- Before the Board of Directors meeting in 2016, At the end of the year 2015 the Board of Director secretary prepared meeting agenda for the Board of Directors to be able to schedule themselves all the year round. The Board of Director secretary shall prepare the whole year meeting agenda and matters to be considered in each meeting in order to provide sufficient detailed information.

- In each meeting in 2016 the company's secretary will send meeting agenda and related information were distributed to the directors 7 days prior to the meeting date to provide sufficient time for the directors to study and discuss important issues.

- The meetings were strictly held in compliance with the company's rules and regulations, and the Public Limited Company Act B.E. 2535. by allowing directors to discuss the matter carefully, and the meeting must have directors attending the meeting at least 2 out of 3 of the total number of directors to constitute a quorum, thoroughly and the company's secretary and legal advisor to attend meetings and take notes, questions, and recommendations of the committee. Other directors and related parties to track and monitor them.

## **5.10 Self assessment of the Board of Directors**

- The company's secretary prepared criteria for self assessment of CG Self Assessment for the Board of Directors' and sub-committee to considerate for Board evaluation and self-assessment at the end of every year to determine and correct the problem as well as improve the efficiency and effectiveness. The self assessment as referred to 6 topics:-

- 1) The structure and qualifications of the Board of Directors
- 2) Duty and responsibility of the Board of Directors
- 3) The Board of Directors' meeting
- 4) Performance of directors

- 5) Relationships with the management.
- 6) Self-development of directors and management development.

#### 5.11 Directors and executives development

- The Board of Directors encouraged and provided training opportunities for the company's directors and members of committees to further improve their ability to perform their tasks. The company has 10 directors attended courses Director Accreditation Program (DAP) and /or Director Certification Program (DCP) organized by the Thailand Institute of Directors.
- The company's secretary prepared directors guidebook and criteria on information disclosure, profile, shareholdings, changes to shareholding of directors, etc. and distributed to new directors.

#### 5.12 New Director Orientation

The company has provided the new director with orientation. The company secretary is assigned to manage and prepare the orientation document, including; general information of the company, company overview, shareholder structure, corporate management structure, director guidelines and meeting agendas to inform the new director about their roles, duties and responsibilities as well as to acknowledge them about the company's policies and regulations, the comprehension of management and operation and the explication for any inquiries. The company also provided an opportunity for the new director to visit each department for more understanding and preparing for their duties.

#### 5.13 Succession Plan

The company has defined the growth-promoting policies in accordance with processes of career development. The company also manages succession plan for the critical position of organization by considering the criteria of retirement to search for the suitable

person for the position with capabilities, experiences, ethics and required qualities in case who unable to perform their duties.

#### Internal Control and Risk Management

The Board of Directors stresses on the internal control system and internal audit in both management and operational levels. The Board of Directors and the management are directly responsible for providing and maintaining internal control system, and evaluating the sufficiency of the internal control. The internal control consists of five components: organization and environment, risk management, operational control of management, information system and communication, and monitoring system. These components help determine business direction, develop information and communication to ensure well-informed decisions, divide authority and determine the financial approval for each management level, and set clear operational procedure for each line of work. These areas of control also determine ethical practice, set transaction process to prevent conflict of interest with any parties, ensure appropriate access to information, and uphold the generally accepted accounting principles which support the work of independent auditors.

#### Assessment of Sufficiency for Internal Control

The Board has considered the assessment of the sufficiency of the internal control systems of the company for 2016 with details 5 sections as follow:

- Part 1 Control Environment
- Part 2 Risk Assessment
- Part 3 Control Activities
- Part 4 Information & Communication
- Part 5 Monitoring Activities

In this regards, the Audit Committee is responsible for reviewing the adequacy of internal controls and report to the Board of Directors to make a consideration to the internal control systems.

## Risk Management

The company regularly conducts risk management to establish external and internal risk factors which may impact the company. All risks are properly handled and closely followed up. The company has the policy to control risks and maintain follow-up measures to reduce risk for the company.

Executive meetings are held monthly or when emergency case arises. There are also channels to communicate organization-wide to urge staff to observe risk management measures. Risks are also prioritized for systematic response. Follow-up mechanism is established to make sure the compliance of risk management plan with indicators for relevant risks. This will be reported to the board every month.

The Board of Directors has established internal audit department who Mr. Nipon Sunthrajarn is internal audit Manager to enhance internal control and compliance to the regulations. This department gives advice to other departments by encouraging self control.

## Control on Inside Information

The company requires that its executives, member of the board and the employees adhere to the ethical use of inside information. The information, especially the trading of the company's shares, must be kept confidential. The measures to prevent the use of inside information for personal gain are following:

1. All the executives are informed of their responsibility in reporting the shareholding of individual, spouse and underage children. Any change in shareholding has to be reported as required by Sections 59 and 275 of Securities and Exchange Act (B.E. 2535).

2. All executives who have access to significant inside information and the financial statement are notified by written communication that they should refrain from trading the shares of the companies for one month. They are also reminded that such information is confidential and cannot be revealed to any individuals before the financial statement or such information is publicized.

3. The Board of Directors and the executives must report their shareholding. In addition, the Board of Directors and executives must disclose conflict of interest or relates transaction to the company secretary.

## Auditor Fee

PricewaterhouseCoopers ABAS Ltd., has previously been approved by the Board of Directors' Meeting and the Shareholders' Meeting as an auditor of the company and the company's subsidiaries on the year 2016, the Audit Committee has considered the duty to review and audit the financial statements of the company and of the company's subsidiaries, the Audit Committee then proposed to fix the Auditor's remuneration of the company and the company's subsidiaries are fixed at the amount of not exceeding Baht 7,270,000

Comparison of the company and Subsidiaries

Auditor Remuneration	2015	2016
1. Auditor Remuneration of company	3,278,000 Baht	3,511,000 Baht
2. Auditor Remuneration of company and subsidiaries	6,917,000 Baht	7,270,000 Baht
3. Other fee	- None -	- None -

# Corporate Management Structure

The company's management structure, as of 31 December 2016, comprises of the Board of Directors and 3 sub-committees namely executive committee, Audit Committee and Nomination and Remuneration Committee. The committees' scopes of authorities as responsibilities are as follows:

## (1) Board of Directors

### Definition

#### 1.1 Non-Executive Directors

Non-Executive Directors mean outside directors who are not the company's executive or employees, nor executive directors, nor authorized signatory directors, independent from the company shareholder, executives and stakeholders, able to equally protect the benefit of all shareholders, and prevent conflict of interest between the company and related parties.

#### 1.2 Executive Directors

Executive directors mean directors who are involved in routine operation and management as well as are authorized signatory directors. The Board of Directors comprises the chairman who is an independent director, 6 non-executive independent directors and 5 executive directors. The number of 11 members of the Board of Directors is supposed to be appropriate, as well as the composition of 45 percent executive directors all are knowledgeable and can provide in-depth comment in regards to entertainment industry as well as formulate strategic business plan, while non-executive independent directors shall be account for 55 percent. The non executive directors shall have good knowledge and understanding of the overall entertainment industrial sector, finance and banking, asset management, auditing, law and others, which would encourage positive opinion expression in the Board of Directors' meetings. The Board of Directors shall make decision for the best benefits of the company.

As of 31 December 2016, the Board of Directors consisted of eleven directors as follow

Name	Position	% of Shareholding
1. Mr. Somchainuk Engtrakul	Chairman of the Board of Directors/ Independent Director	-
2. Mr. Vicha Poolvaraluk	Director	31.84%
3. Mr. Verawat Ongvasith	Director	-
4. Mrs. Paradee Poolvaraluk	Director	2.05%
5. Mr. Thanakorn Puriwekin	Director	0.05%
6. Mr. Wichai Poolvaraluk	Director	-
7. Mr. Chai Jroongtanapibarn	Independent Director/ Chairman of the Audit Committee	0.08%
8. Mr. Vallop Tangtrongjit	Independent Director/ Audit Committee Member	-
9. Mr. Kraithip Krairiksh	Independent Director/ Audit Committee Member	-
10. Pol.Sub.Lt. Kriengsak Lohachala	Independent Director	-
11. Dr. Satian Pooprasert	Independent Director	-

### **Authorized Signatory Director on the company's behalf is**

Mr. Vicha Poolvaraluk, Mrs. Paradee Poolvaraluk, Mr. Verawat Ongvasith, Mr. Thanakorn Puriwekin Two in four jointly sign and combined with the company seal will be binding upon the company

#### **Authorities of the Board of Directors**

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

2. The board may authorize a director to sign together with the company seal on behalf of the company.

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

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

5. The board might approve the interim dividend payment if the company has sufficient profit to do so. This payment should be reported to the next shareholders' meeting.

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

### **Responsibilities of the Board of Directors**

1. The board must conduct the business in compliance with laws, the company's objectives, articles of association, and resolutions of the shareholders' meetings with integrity and prudence for the company's best interests.

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

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

4. The board must organize the annual general shareholder's meeting within four months after the ending of the company's fiscal year.

5. All directors are restricted from conducting, investing, and being partner in the companies having the same business as the company. In case that any director or parties with possible conflict of interest, as per announcements of the Securities and Exchange Commission (SEC) and/or the Stock Exchange of Thailand (SET), may have conflict of interest, the director(s) shall have no authority to approve the matter thus for the best benefits of the company and shareholders.

## **(2) Independent Directors**

### **Definition**

Independent directors mean director that have specifications as follows:

1. Hold not exceeding 0.5% of total voting shares of the company, its subsidiaries, affiliates or other juristic persons with possible conflict of interest, including the shares held by their related persons (under section 258 of securities and exchange act).

2. Neither involving in management, non-controlling nor being authorized signatory person, nor being the company's executive' employees, salaried consultant, competent authorized person to control the company, its subsidiaries, affiliates or other juristic persons and in the last 3 years before appointment.

3. Not being a person related by blood or legal registration such as father, mother, spouse, and child including spouse of the child to executives, the company shareholders, controlling persons, or persons to be nominated as executive or controlling person of the company or its subsidiary and be independent from the company shareholders executives and controlling persons.

4. Not having a business relationship with the company in occasional service and commercial business, in accordance with the SET's requirement on the related transaction.

5. Not being a person who has been appointed as a representative of the company's director, the company shareholders or shareholders who are related to the company shareholders.

6. Not having any characteristics which make him/her incapable in expressing independent opinions.

7. Be capable in protecting all shareholders/benefits equally and supervising in order to prohibits any conflict of interest between the company and related persons, and able to attend the meetings of the Board of Directors in order to make a decision on significant issues.

Independent directors shall perform their duty independently to ensure that the company's politics, plans and operations are correct, appropriate and in line with the company's objectives and rules as well as the shareholders' meeting resolution and related laws in order to equally protect shareholders' benefits. Furthermore, this definition of independent directors has been revised so as to be more strictly than that defined by SEC.

#### **Criteria in Selecting Independent Directors**

The company selects independent directors by considering knowledge, experience, and profound understanding of related businesses, vision, sufficient time to perform duty and qualities as stated in the

concerned government agencies' announcements, regulations and rules. The company would invite qualified persons to be its independent directors. The company considers that the independent directors are able to exercise their knowledge and capability as well as provide opinions that are useful and appropriate to support the company's business operation.

### **(3) Audit Committee**

The meeting of the Board of Directors resolved the qualifications of the Audit Committee in accordance with and under the international standards as promulgated by SEC/SET. Moreover, the authority scope of the Audit Committee was adjusted according to and under the SET notification.

#### **Definition**

##### **Audit Committee**

Audit Committee Members mean persons appointed by the Board of Directors or the company's shareholders. The Audit Committee Members must be independent directors and not to be directors assigned by the Board of Directors to make decision on business operations of the company, parent companies, subsidiaries, joint venture, similar subsidiaries, or any juristic persons that may have conflict of interest. They must be neither the director of parent companies, subsidiaries, joint venture and similar subsidiaries. They must have qualifications and responsibilities as announced by the SEC and as per the SET regulations on the qualifications and work scope of Audit Committee. They shall also have sufficient knowledge and experience to review the reliability of the financial statements and perform other duties under their roles as Audit Committee Members.

The Board of Directors considered that all the Audit Committee Members are qualified according to the company's definition and comply with the SEC and SET regulations. The Audit Committee meeting also considered that Mr. Chai Jroongtanapibarn has good knowledge and expertise in accounting and finance, as well as experience in auditing which is adequate to review the reliability of the financial statements. Therefore, he was appointed as the Chairman of the

Audit Committee, the biography has been disclosed in the Audit Committee Member's certificate of biography submitted to SET according to the new regulation.

As at 31 December 2016, the Audit Committee consists of the Audit Committee are independent directors of 3 members with 3 years term, Moreover, the one of Audit Committee have already passed the "Audit Committee Program" arranged by Thai Institute of Directors (IOD).

Name	Position
1. Mr. Chai Jroongtanapibarn	Independent Director/ Chairman of the Audit Committee
2. Mr. Vallop Tangtrongjit	Independent Director/ Audit Committee Member
3. Mr. Kraithip Krairiksh	Independent Director/ Audit Committee Member

#### Responsibilities of Audit Committee

1. Ensure accurate and adequate financial reports.

2. Ensure appropriate and efficient internal control and internal audit system to appropriate, efficiency and independence of internal audit as well as consideration set up remove, layoff head of internal audit or other associated.

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

4. Consider, assort, appoint external auditors and consider the compensation for them. Until attend with auditor without manager at least time per year.

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

6. Prepare the corporate governance report, signed by the chairperson of the Audit Committee, and disclose in the company's annual report.

(A) Opinion about completeness to reliability of financial statement.

(B) Opinion about adequacy internal system.  
(C) Opinion about performance under the law (security and stock exchange) or the law relative to the business.

(D) Opinion about monitor of auditor.

(E) Opinion about conflict of interest.

(F) Amount of person Audit Committee meeting.

(G) Opinion and notice of the Board of Directors form charter.

(H) Other items to shareholders and investors acknowledge under the scope and responsibility form director committee.

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

8. Be accountable to the Board of Directors as per roles and responsibilities entrusted and shall report to them the performance, recommendations and findings at least twice a year.

In any case where any Audit Committee Member or parties with possible conflict of interest, have conflict of interest which the company or its affiliates, the acquisition or sale of assets of listed companies and related transactions (if any), as per announcements of the SEC and/ or SET, the Audit Committee shall report the matter to the Board of Directors and/ or the shareholders' meeting for consideration and approval in compliance with referred law and regulations.

#### (4) Executive Committee

As at 31 December 2016, Executive Committee of the company consisted of four members;

Name	Position
1. Mr. Vicha Poolvaraluk	Chairman of Executive Committee
2. Mr. Verawat Ongvasith	Executive Committee
3. Mrs. Paradee Poolvaraluk	Executive Committee
4. Mr. Thanakorn Puriwekin	Executive Committee

### Responsibilities of Executive Committee

1. Operate and manage the company's business in accordance with laws, objectives and regulations of the company as assigned by the Board of Directors.
2. Operate and manage the company's business in accordance with policy and strategy set by the Board of Directors.
3. Follow shareholders' resolutions with honesty, ethics and care for the company's benefits.
4. Approve borrowings or lending from/to financial institutions including guarantee or make payment in ordinary business of the company such as capital expenditures within 60 million baht per each transaction.
5. Appoint or cancel staff of the company whose title are lower than chief executive officer.
6. Prepare, propose and set business policy and strategy to the Board of Directors.
7. Organize the company's structure and management including interviewing, employing, training and un-employing staff.
8. Set business plan, authority and budget as well as manage business according to policy and strategy proposed to the Board of Directors.

All related or conflict of interest transactions with executive directors in accordance with rules and regulations of Securities and Exchange Commission must not be voted by those executive directors who are related or have conflict of interest. Executive director must to present to the Board of Director and/or shareholder's meeting consider and approve under regulation or announcement or related law.

## (5) The Nomination and Remuneration Committee

### Definition

The Nomination and Remuneration Committee  
The company's the Nomination and Remuneration Committee means group of persons appointed by the Board of Directors as the Nomination and Remuneration Committee. The Nomination and Remuneration

Committee chairman shall be an independent director. At least three fourths of the Nomination and Remuneration Committee Members shall be independent directors in order to maintain transparency and independence in performing their duty. The Committee Members shall have good knowledge and sufficient experience to nominate directors and top management of the company, as well as to perform other tasks as the nomination committee.

The company's the Nomination and Remuneration Committee comprises the committee chairman who is an independent director, 3 independent directors and 1 executive director (information of the Nomination and Remuneration Committee Members are under the information about the Board of Directors and management chapter). The Board of Directors considered that all members of the Nomination and Remuneration Committee have the qualifications of good corporate governance. The Nomination and Remuneration Committee considered that Mr. Chai Jroongtanapibarn, an independent director, is knowledgeable and has experience in nomination and remuneration of directors and top management, and therefore appointed him the committee chairman.

As of 31 December 2016, the Nomination and Remuneration Committee comprise 4 Members with 3 years term. They are as follows:

Name	Position
1. Mr. Chai Jroongtanapibarn	Chairman of the Nomination and Remuneration Committee
2. Mr. Vallop Tangtrongjit	Nomination and Remuneration Committee
3. Mr. Kraithip Krairiksh	Nomination and Remuneration Committee
4. Mr. Verawat Ongvasith	Nomination and Remuneration Committee

## **Responsibilities on the Nomination and Remuneration Committee**

### **Responsibilities on Nomination Function**

1. To formulate criteria and policy in nominating directors, members of different committees and the chief executive officer.

2. To consider and nominate appropriate persons to be appointed as directors, and members of different committees and the chief executive officer for approval by the Board of Directors and/or shareholders' meeting.

3. The Board of Directors must to report the results of the nomination committee meetings or other matters that the Board of Directors should be informed.

4. To perform any tasks assigned by the Board of Directors.

### **Responsibilities on Remuneration Function**

1. To formulate criteria and policy on remunerations for the Board of Directors, committees and chief executive officer for the approval by the Board of Directors and/or, as the case may be, the shareholders' meeting.

2. To set necessary and appropriate annual remunerations for the Board of Directors, committees and the chief executive officer.

3. The Board of Directors must to report the results of the remuneration committee's meeting results or other matters the Board of Directors should be informed.

4. To perform any tasks assigned by the Board of Directors.

## **(6) Company Secretary**

The Board of Directors appointed Ms. Thitapat Issarapornpat to perform the duties of company secretary on giving the advices regarding laws and regulations which the Board of Directors shall be aware, to monitor the Board of Directors' conduct as well as to coordinate and follow up the execution to be according to the Board of Directors' resolution.

### **Responsibilities of the Company Secretary**

1. To give basic advice to the Board of Directors on related laws, regulations and provisions in accordance with the good practices as well as follow up and monitor the compliance to be accurate and consistent.

2. To arrange meetings of the Board of Directors, committees and shareholders in accordance with the applicable laws, the company's regulations and practices, as well as complying with the good corporate governance policy of the company and SET.

3. To monitor the disclosing of data and information to the responsible government agencies according to the regulations and requirements of related organizations, including communicating with shareholders and take care of them appropriately.

4. To provide and keep the following documents;

(A) Director's record.

(B) Invitation letter and minutes if the Board of Directors meeting, as well as the company's annual report.

(C) Invitation letter to shareholders and its minutes.

5. To keep the conflict of interest report provided by directors or executives.

6. To support the assignment given by the Board of Directors.

7. To operate others as specified by the capital market committee of SET.

## (7) Chief Executive Officer and Management Team

As at 31 December 2016, Management team of the company consisted 8 members;

Name	Position
1. Mr. Vicha Poolvaraluk	Chief Executive Officer Deputy - Chief Corporate Strategy & Investor Relations Deputy - Chief Bowling Business Deputy - Chief Human Resource
2. Mr. Thanakorn Puriwekin	Chief Films Officer
3. Mrs. Jinda Wantanahatai	Chief Retail Officer
4. Ms. Thitapat Issarapornpat	Chief Finance Officer
5. Mr. Kitikorn Poomsaeang	Chief Construction Officer
6. Mr. Niti Pattanapakdee	Chief Media Officer
7. Mr. Apichart Kongchai	Chief Cinema Officer
8. Ms. Sudaporn Trongpanich	Chief Technology Officer

### Responsibilities of Chief Executive Officer

1. To formulate business plan, investment plan, and annual budget plan for approval by the executive committee and/or the Board of Directors.

2. To be responsible for the overall management and to deliberate all the company's policies to achieve the preset objectives and within the policy, business plan and budget plan approved by the Board of Directors.

3. To be approve an execution or payment according to the company's authorization regulations or annual budget approved by the Board of Directors.

4. To recruit, hire, transfer, reshuffle, suspend or terminate employment of any executives or employees and to stipulate scope of roles and responsibilities and appropriate remuneration. An execution of position equivalent to senior via president or higher shall be reported to the Board of Directors, while an execution of positions equivalent to the internal audit department executives shall be made with the Audit Committee's consideration.

5. To appoint respective authorized persons to sign the company's document in the area of accounting, finance, purchase, production, sale and general management as well as other important document.

6. To set, change, revise or cancel any rules, regulations, order, announcement, punishment measures and internal control systems for use as guideline for all employees and to enable the internal management is executed as per the company's policies.

7. To appoint advisors in various respects significant to the operations for the best benefits of the company. The CEO is empowered to appoint attorney(s) to the lawsuit or defend case related to the company.

8. To assign person to perform task on his/her behalf as deemed appropriate. Such authorization can be terminated, changed or modified.

9. To report the company's performance, progress of any projects and financial status to the executive committee and the Board of Directors.

10. To perform other works assigned by the executive committee or the Board of Directors. In case that the CEO or other persons with possible conflict of interest may have conflict of interest, the CEO shall have no right to approve such matter.

In 2016, the directors' meeting as following:-

Name	Meeting Attendance			
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Executive Committee
1. Mr. Somchainuk Engtrakul	4/4	-	-	-
2. Mr. Vicha Poolvaraluk	4/4	-	-	12/12
3. Mr. Verawat Ongvasith	3/4	-	1/1	12/12
4. Mrs. Paradee Poolvaraluk	3/4	-	-	12/12
5. Mr. Thanakorn Puriwekin	4/4	-	-	12/12
6. Mr. Wichai Poolvaraluk	3/4	-	-	-
7. Mr. Chai Jroongtanapibarn	4/4	8/8	1/1	-
8. Mr. Vallop Tangtrongjit	4/4	8/8	1/1	-
9. Mr. Kraithip Krairiksh	3/4	7/8	1/1	-
10. Pol. Sub.Lt.Kriengsak Lohachala	2/4	-	-	-
11. Dr. Satian Pooprasert	3/4	-	-	-

#### Remuneration of the Board of Directors and Management

The Board of Directors' meeting no.1/2016 on 17 February 2016 resolved to approve the remunerations for 2016 no more than Baht 13,000,000

for the directors. Separate to annual compensation and meeting fee Baht 7,200,000 Noted that the company pays an additional Baht 5,800,000 of special remuneration to director's base on year performance.

Type of remuneration as following:-

Position	Annual Remuneration (Baht)
Chairman of the Board of Directors	871,000
Director	545,000
Chairman of the Audit Committee	178,000
Audit Committee Member	69,000
Chairman of the Nomination and Remuneration Committee Member	28,000
Nomination and Remuneration Committee Member	28,000
Chairman of Executive Committee	178,000
Executive Committee Member	69,000

## Remuneration of directors in 2016

Name	Position	Annual Remuneration (Baht)	Special Remuneration (Baht)
1. Mr. Somchainuk Engtrakul	Chairman of the Board/Independent Director	871,000	1,183,926
2. Mr. Vicha Poolvaraluk	Director/Chairman of Executive Committee	723,000	1,183,924
3. Mr. Verawat Ongvasith	Director/Nomination and Remuneration Committee Member/Executive Committee Member	642,000	381,350
4. Mrs. Paradee Poolvaraluk	Director/Executive Committee Member	614,000	381,350
5. Mr. Thanakorn Puriwekin	Director/Executive Committee Member	614,000	381,350
6. Mr. Wichai Poolvaraluk	Director	545,000	381,350
7. Mr. Chai Jroongtanapibarn	Independent Director/Chairman of the Audit Committee/Chairman of the Nomination and Remuneration Committee	751,000	381,350
8. Mr. Vallop Tangtrongjit	Independent Director/Audit Committee Member /Nomination and Remuneration Committee Member	642,000	381,350
9. Mr. Kraithip Krairiksh	Independent Director/Audit Committee Member/Nomination and Remuneration Committee Member	642,000	254,233
10. Pol.Sub.Lt. Kriengsak Lohachala	Independent Director	545,000	381,350
11. Dr. Satian Pooprasert	Independent Director	545,000	381,350

Note: The Board of Director's Meeting has approved Mr. Kraithip Krairiksh is a Director which is effective date on 18 May 2015

## Remuneration of the company's management in 2016

Remuneration	Persons	Remuneration (Million Baht)
Salary, Bonus and Provident Fund	7	36.09

### Other Remuneration

In addition to ordinary remuneration, the company also allocated Employee Stock Options Program for the company's management and employees (prior to the company's initial public offering) in the recognition of the management and

employees' contribution to the company as well as motivation to work for the company in the long run. The details are shown in ESOP section as follow:

Employee stock option (ESOP-W4) was distributed among the company's management as followed:

Name	Position	Shares (million)
Mrs. Jinda Wantanahatai	Chief Retail Officer	0.35
Ms. Thitapat Issarapornpat	Chief Finance Officer	0.35
Mr. Kitikorn Poomsaeang	Chief Construction Officer	0.35
Mr. Niti Pattanapakdee	Chief Media Officer	0.25
Mr. Apichart Kongchai	Chief Cinema Officer	0.35
Ms. Sudaporn Trongpanich	Chief Technology Officer	0.25

# Human Resources

As at December 31, 2016, the company recorded the number of 2,867 employees, to be well-prepared for the continued growth on cinema business, bowling & karaoke business, advertising business, rental business and movie contents business. In 2016, the company opened 22 new branches to cover Bangkok, vicinity and province for customer convenience.

Business Units	Number of Employees
Head Office	458
Cinema	1,055
Bowling & Karaoke	337
Advertising	61
Rental Space & Services	144
Movie Contents	107
<b>Total</b>	<b>2,162</b>

*\*Exclude temporary staffs*

## Staff Remunerations

The remuneration management of the company is in accordance with the job functions and professional. The remuneration of the company includes monthly salary, overtime payment, cost-of-living allowance, rental subsidy, per diem, bonus, special-assistance pay, and contribution for Provident Fund and Social Security Fund. To ensure that the remuneration for the employees is appropriate, competitive and able to retain capable workforce within the organization, the company adjusts salary and bonus based on its annual revenue and the performance evaluation of individual staff. The company also regularly surveys and reviews its remuneration structure to ensure a fair and proper benefit package for the employees.

In addition, the company arranges other reward schemes including sales incentive and stock option program for executives and employees. Such policies aim to reward and motivate staff to optimize their potentials and create a sense of ownership which will encourage staff to further contribute to the organization.

## Occupational Safety, Health and Environment

The company regards safeguarding of the employee's life and health, therefore, the company considers to manage about the occupational safety, health and environment together with the employee's routine duties. The company conducts the occupational safety policies and plans to prevent and decrease working-related accidents, occupational illnesses or any afflictions form unsafe environments. The company supports all activities related to the occupational safety, health and environment in workplace.

## Human Resource Management Policy

### Recruitment and Motivation

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

### Human Resource Development

The company has internal trainings to improve skills of staff. The training involves on the job training and coaching by senior staff in each line of work. The company also encourages its employees to attend external seminars and has decent remuneration to ensure long-term work commitment. The company arranges for the staff both on the job training and functional training. For on-the-job training, senior staffs give advices and recommendations all through the whole process to junior staffs. With respect to functional trainings, various in-house training courses will be arranged by both internal and external lecturers or sending staff to attend outside seminar programs such as training in management and regularly operating. The company arranges other soft skills such as leadership skill, selling & negotiation technique, marketing skill and team work development etc.

In addition, the company is a long-term program with an objective to promote and serve students who need to utilize their free time by working to get experiences. In this connection, the company offers the students a chance to practice in some position considered to be appropriate with their maturity, skill, and spare time of each student. In 2016, the company's employees and executives have attended the mandatory training courses totally 13,696 hours which can be divided in 4 main courses which are General Program, Leadership Program, Managerial Activity and Functional Program. Besides, all staff needs to attend orientation which explains the overview of the organization, policies in conducting business including anti-corruption policy.

# Related Transactions

Person/Juristic person who may have conflict of interest	% of Ownership interest	Type of transaction	2016 Amount (million baht)	Major detail/condition
Siam Future Development Plc.	Associates with 24.89% holding	<b>Revenue:</b>		
		1. Dividend income	64.43	The transaction is from investment.
		2. Other income	1.54	This is a normal business transaction.
		<b>Expense:</b>		
		1. Rental, service and utilities fee	20.87	To rent rental space to operate cinema and bowling business in Chachoengsao, Chang Wattana and Pattaya branches, approved by audit committee to be comparable to market price.
		2. Other expense	1.37	This is a normal business transaction.
		Trade account receivable	4.62	This is a normal business transaction.
		Other receivable	13.72	This is a normal business transaction.
Ratchayothin Avenue Co., Ltd.	Associates with 50% direct holding and 12.45% indirect holding through SF	Deposits (included in other non-current assets)	5.41	This is a normal business transaction.
		Other payable	2.57	This is a normal business transaction.
		<b>Expense:</b>		
		1. Interest expense	0.57	This is a normal business transaction. and interest 2.72% per year
		2. Other expenses	0.38	This is a normal business transaction.
		Other payable	0.56	This is a normal business transaction.

Person/Juristic person who may have conflict of interest	% of Ownership interest	Type of transaction	2016 Amount (million baht)	Major detail/condition
Major Cineplex Lifestyle Leasehold Property Fund	Associates with 33% holding	<b>Revenue:</b>		
		1. Management fee income	39.78	Property management fee which is a normal business transaction. Approved by Audit Committee to be comparable to market price.
		2. Utilities fee income	23.48	Utilities and service fee which is a normal business transaction. Approved by Audit Committee to be comparable to market price.
		3. Dividend income	109.99	The transaction is from investment.
		4. Gain on disposals of property, plant and equipment	8.61	The transaction is from sold utilities equipment and leased certain property and buildings which is a normal business transaction. Approved by Audit Committee to be comparable to market price.
		<b>Expense:</b>		
		1. Rental and service	161.83	Rental space to operate cinema and bowling businesses under MJLF area. This is a normal business transaction, approved by Audit Committee to be comparable to market price.
		2. Interest expense from financial lease (included in finance costs)	1.68	This is a normal business transaction.
		3. Other expense	3.62	This is a normal business transaction.
		Trade account receivable	1.92	This is a normal business transaction.

Person/Juristic person who may have conflict of interest	% of Ownership interest	Type of transaction	2016 Amount (million baht)	Major detail/condition
Major Cineplex Lifestyle Leasehold Property Fund (cont.)		Other receivable	3.22	This is a normal business transaction.
		Accrued income	1.64	Money from sold utilities equipment and leased certain property and buildings.
		Deposits (included in other non-current assets)	3.46	This is a normal business transaction.
		Trade account payable	2.61	This is a normal business transaction.
		Other payable	0.76	This is a normal business transaction.
		Finance lease liabilities (included in long-term borrowings from financial institutions)	21.08	This is a normal business transaction.
		Deposit receipt from property lease (included in other non-current liabilities)	123.50	This is a normal business transaction.
		Advance receipt from property lease (included in other non-current liabilities)	24.96	This is a normal business transaction.
Thai Ticket Major Co., Ltd.	Associates with 40.00% holding	<b>Revenue:</b>		
		1. Dividend income	20.40	The transaction is from investment.
		2. Other income	1.02	This is a normal business transaction.
		<b>Expense:</b>		
		1. Sponsorship expense	1.60	This is a normal business transaction.
		2. Other expense	0.60	This is a normal business transaction.
		Trade account receivable	0.18	This is a normal business transaction.
CJ Major Entertainment Co., Ltd.	Associates with 49.00% holding	Other receivable	0.89	This is a normal business transaction.
		Other payable	1.93	Money from selling ticket and payback next month
		<b>Expense:</b>		
		Film hire cost	6.89	This is a normal business transaction.
		Trade account payable	7.38	This is a normal business transaction.
Major Kantana Broadcasting Co., Ltd.	Joint ventures with 41.61% indirect holding through MPIC (MAJOR's subsidiary company)	<b>Revenue:</b>		
		1. Rental and service income	1.82	This is a normal business transaction.
		2. Other income	0.01	This is a normal business transaction.
		Trade account receivable	0.10	This is a normal business transaction.
		Deposit receipt (included in other non-current liabilities)	0.72	This is a normal business transaction.

Person/Juristic person who may have conflict of interest	% of Ownership interest	Type of transaction	2016 Amount (million baht)	Major detail/condition
Transformation Film Co., Ltd.	Joint ventures with 26.42% indirect holding through MPIC (MAJOR's subsidiary company)	<b>Revenue:</b>		
		1. Management fee income	4.16	This is a normal business transaction.
		2. Other income	0.21	This is a normal business transaction.
		Trade account receivable	0.37	This is a normal business transaction.
MacThai Co., Ltd.	90% holding by Poolvaraluk Family	<b>Revenue:</b>		
		1. Rental, service and utilities fee income	33.51	Rental space of MAJOR Group at Ratchayothin, Sukhumvit, Rangsit, Samrong, and Metropolis branches. This is normal transaction and approved by audit committee to be comparable to market price.
		2. Interest income	0.14	This is a normal business transaction.
		3. Other income	1.15	This is a normal business transaction.
		<b>Expense:</b>		
		Other expense	0.30	This is a normal business transaction.
		Trade account receivable	2.00	This is a normal business transaction.
		Other receivable	0.08	This is a normal business transaction.
		Finance lease receivable	1.65	This is a normal business transaction.
		Other payable	0.07	This is a normal business transaction.
		Advance receipt from land rental (included in other non-current liabilities)	11.05	This is a normal business transaction.
		Deposit receipt (included in other non-current liabilities)	5.67	This is a normal business transaction.
Mackenna Land Co., Ltd.	100% indirect holding through VP 39 Holding Co., Ltd. (Poolvaraluk Family's Company)	<b>Expense:</b>		
		1. Sponsorship expense	0.01	This is a normal business transaction.
		2. Other expense	11.59	This is a normal business transaction.
		Other payable	0.32	This is a normal business transaction.
Well Ad Co., Ltd.	Holding by Mr. Vicha Poolvaraluk 70.99% and Mrs. Paradee Poolvaraluk 29%	<b>Expense:</b> Management fee	13.20	Baht 1.95 million per month started from 1 January 2012 – 31 December 2016. Approved by Audit Committee. The agreed price as stipulated in the agreements and is no more than 1% of revenue with corporative less than compensation for Managing Director in listed companies.

Person/Juristic person who may have conflict of interest	% of Ownership interest	Type of transaction	2016 Amount (million baht)	Major detail/condition
Well Cineplex Co., Ltd.	Holding by Mr. Vicha Poolvaraluk's father 20%, Mr. Vicha Poolvaraluk's mother 20% and Mr. Vicha Poolvaraluk 10%	<b>Revenue:</b> Management fee income	4.80	400,000 baht a month for manage pinklao branch owned by Mr.Vicha's father. This is normal transaction and approved by audit committee to be comparable to market price.
		<b>Expense:</b> Equipment rental	10.80	1.54 million baht a month covered 8 theaters for 15 years started from 1 February 2002 to 31 January 2017. The agreed price was comparable for those of EGV cinema at Central Pinklao and was approved by Audit Committee
		Trade receivable	2.14	This is a normal business transaction.
Well Entertainment Part., Ltd.	Holding by Mr. Vicha Poolvaraluk's father 50%, Mr. Vicha Poolvaraluk's mother 10%	<b>Expense:</b> Rental, service and utilities fee	15.86	Rental spaces and service charges amount to 800 baht a month a sq.m. for operating cinema business at pinklao branch for 15 years started from 1 February 2002 to 31 January 2017, The agreed price is comparable for those of EGV cinema at Central Pinklao and was approved by Audit Committee.
		Other receivable	0.02	This is a normal business transaction.
		Trade account payable	0.50	This is a normal business transaction.
Petch Pinklao Co., Ltd.	100% indirect holding through VP 39 Holding Co., Ltd. (Poolvaraluk Family's Company)	<b>Revenue:</b> 1. Management fee income	2.40	Management fees charged to income as salary in 200,000 baht per month. This is normal transaction and approved by audit committee to be comparable to market price.
		2. Other income	0.01	This is a normal business transaction.
		<b>Expense:</b> 1. Rental, service and utilities fee	13.60	Paid for the right to rent MAJOR Cineplex pinklao branch. The agreed price was comparable Central Pinklao's project and was approved by Audit Committee.
		2. Sponsorship expense	0.23	This is a normal business transaction.
		Trade receivable	0.01	This is a normal business transaction.
		Trade account payable	0.40	This is a normal business transaction.
		Other payable	0.01	This is a normal business transaction.

Person/Juristic person who may have conflict of interest	% of Ownership interest	Type of transaction	2016 Amount (million baht)	Major detail/condition
Veranda Resort and Spa Co., Ltd.	Holding by Mrs. Paradee Poolvaraluk 6.82%	<b>Expense:</b>		
		Other expense	0.11	This is a normal business transaction.
		Other payable	0.09	This is a normal business transaction.
PVR Limited	Related with 1.93 % holding	<b>Revenue:</b> Dividend income	1.26	The transaction is from investment.
Viracha Co., Ltd.	99.98% indirect holding through VP 39 Holding Co., Ltd. (Poolvaraluk Family's Company)	<b>Expense:</b>		
		Other expense	1.16	This is a normal business transaction.
		Other payable	0.59	This is a normal business transaction.
Ratchayothin Avenue Management Co., Ltd.	12.45% Indirect holding through Siam Future Development Plc. and 50% Indirect holding through Ratchayothin Avenue Co., Ltd.	<b>Revenue:</b> Management fee income	0.36	27,000 baht a month for manage ratchayothin branch. This is normal transaction and approved by Audit Committee to be comparable to market price.
		<b>Expense:</b> Utilities expense	1.36	This transaction was for rental space with purpose of operating the company's office at Ratchayothin avenue. Approved by Audit Committee to be comparable to market price.
		Other receivable	0.03	This is a normal business transaction.
		Other payable	0.22	This is a normal business transaction.
SF Development Co., Ltd.	12.45% Indirect holding through Siam Future Development Plc.	<b>Expense:</b>		
		1. Rental, service and utilities fee	51.46	This is a normal business transaction.
		2. Other expense	3.08	This is a normal business transaction.
		Deposits (included in other non-current assets)	25.82	This is a normal business transaction.
		Other payable	4.64	This is a normal business transaction.

Person/Juristic person who may have conflict of interest	% of Ownership interest	Type of transaction	2016 Amount (million baht)	Major detail/condition
We Fitness Co., Ltd.	Holding by Mrs. Paradee Poolvaraluk 99.99%	<b>Revenue:</b>		
		1. Rental, service and utilities fee	17.89	To rent space in the building of the MAJOR Group.
		2. Other income	1.33	This is a normal business transaction.
		<b>Expense:</b>		
		Other expense	0.12	This is a normal business transaction.
		Trade receivable	0.37	This is a normal business transaction.
Siam Future Property Co., Ltd.	24.89% Indirect holding through Siam Future Development Plc.	<b>Expense:</b>		
		1. Rental, service and utilities fee	13.61	To rent rental space and service to operate cinema and bowling business in Esplanade branch. This is normal transaction and approved by audit committee to be comparable to market price.
		2. Other expense	0.40	This is a normal business transaction.
		Other receivable	10.08	This is a normal business transaction.
		Deposits (included in other non-current assets)	0.31	This is a normal business transaction.
		Other payable	1.51	This is a normal business transaction.
Friend Aircraft Co., Ltd.	Holding by Mr. Vicha Poolvaraluk 50%	<b>Expense:</b>		
		Other expense	5.80	This is a normal business transaction.
		Other payable	0.81	This is a normal business transaction.

# Major Shareholders

Top 10 Shareholders as of December 2016

Shareholders	Shares	%
1. Mr. Vicha Poolvaraluk	284,840,100	31.84
2. CHASE NOMINEES LIMITED	58,775,527	6.57
3. THE BANK OF NEW YORK MELLON	47,594,503	5.32
4. STATE STREET BANK AND TRUST COMPANY	46,136,435	5.16
5. HSBC (SINGAPORE) NOMINEES PTE LTD	41,156,394	4.60
6. Thai NVDR Company Limited	39,231,919	4.39
7. MORGAN STANLEY & CO. INTERNATIONAL PLC	25,290,500	2.83
8. N.C.B.TRUST LIMITED-NORGES BANK 11	25,226,500	2.82
9. STATE STREET BANK EUROPE LIMITED	25,176,581	2.81
10. NORTRUST NOMINEES LTD-CL AC	23,648,050	2.64

## Dividend Policy

The company has policy to pay dividend to the shareholders. In case of sufficient cash flow and there is no need for additional investment, the company will pay dividend of 40% of net profit. However, the

company board may set a different dividend level in respond to the circumstance of the company, the situation of the company's liquidity, the economic condition and market outlook.

## Shareholdings of the Board of Directors and Management

Name	Position	Shares	
		31 Dec 15	31 Dec 16
1. Mr. Somchainuk Engtrakul	Chairman of the Board of Directors/ Independent Director	-	-
2. Mr. Vicha Poolvaraluk	Director/Chief Executive Officer	293,840,100	284,840,100
3. Mr. Verawat Ongvasith	Director	-	-
4. Mrs. Paradee Poolvaraluk	Director	18,345,536	18,345,536
5. Mr. Thanakorn Puriwekin	Director/Chief Films Officer	460,000	440,000
6. Mr. Wichai Poolvaraluk	Director	2,851,953	-
7. Mr. Chai Jroongtanapibarn	Independent Director	672,500	672,500
8. Mr. Vallop Tangtrongjit	Independent Director	50,000	-
9. Mr. Kraithip Krairiksh	Independent Director	-	-
10. Pol.Sub.Lt. Kriengsak Lohachala	Independent Director	-	-
11. Dr. Satian Pooprasert	Independent Director	-	-
12. Mr. Kitikorn Poomsaeang	Chief Construction Officer	46	30,046
13. Mrs. Jinda Wantanahatai	Chief Retail Officer	100,375	112,665
14. Mr. Niti Pattanapakdee	Chief Media Officer	132,075	92,550
15. Mr. Apichart Kongchai	Chief Cinema Officer	96,675	70,915
16. Ms. Thitapat Issarapornpat	Chief Finance Officer	75	50,040
17. Ms. Sudaporn Trongpanich	Chief Technology Officer	48,865	81,340
18. Mrs. Chanya Tamrongweenijchai	Head of Bowling Business	7,336	-
19. Mr. Vichai Kuntahwachai	Head of Cinema Operations	56	84
20. Mr. Nipon Sunthrajarn	Internal Audit Manager	27,850	12,080
21. Ms. Buppha Wandee	Head of Human Resources	116,355	167,955
22. Mr. Pravingsak Nootawee	Head of Shopping Center	-	-
23. Ms. Sirirat Darasrisak	Head of Finance and Accounting	-	-
24. Ms. Suwimol Saelim	Head of Finance and Accounting	-	-
25. Mrs. Siriarpa Kulchol	Head of Expense Management	20,081	764
26. Mr. Apirak Mitpracha	Head of Media Business	-	-
27. Mr. Thana Srising	Head of Media Business	-	-
28. Mr. Tanatip Yampayon	Head of Cinema Operations	7	7
29. Mr. Apirak Varachanonth	Deputy Head of Human Resources	-	-

# Employee Stock Option Program

According to the Annual General Meeting of the Shareholders for 2012, the shareholders approved the company issued and offered grants of warrants to management and employees as followed:

## ESOP-W4

### Employee stock option program # 5

Type	Indicate hold and non-transferable.
Term	5 year from the issuing date.
Offering method	Allot to 108 directors and employees without offering.
Offering price	Price (0 baht a unit).
Exercise Ratio	1 warrant for 1 common share.
Exercise period	Last working day of March, June, September and December till to expiry on which the last date is 9 April 2017.

Grant date	Issued Units	Exercise Ratio (Unit/Share)	Exercise Price (Baht/Unit)	Exercise Period	
				Start	End
10 April 2012	8,690,000	1.000	15.440	30 June 2014	9 April 2017

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

Modification date	Issued Units	Exercise Ratio (Unit per Share)	Exercise Price (Baht per Unit)
28 February 2013	8,570,000	1.017	15.182
10 April 2014	8,570,000	1.033	14.948
9 April 2015	8,570,000	1.051	14.687
11 April 2016	8,570,000	1.073	14.385

For 2016, the warrant issued amount 8,570,000 units (that the warrant were not issued amount 120,000 units), the exercise price 14.385 baht per unit

#### Exercise result ESOP-W4

No.	Exercise Date	Number of ordinary share	Increased of authorized share capital (Baht)	Use of proceed
1	30 June 2014	916,271	13,696,418.91	Branch expansion/Working capital
2	30 September 2014	1,248,058	18,655,970.98	Branch expansion/Working capital
3	30 December 2014	318,164	4,755,915.47	Branch expansion/Working capital
4	31 March 2015	213,314	3,188,617.67	Branch expansion/Working capital
5	30 June 2015	1,840,246	27,027,693.00	Branch expansion/Working capital
6	30 September 2015	317,927	4,669,393.85	Branch expansion/Working capital
7	30 December 2015	89,335	1,312,063.15	Branch expansion/Working capital
8	31 March 2016	42,565	625,152.16	Branch expansion/Working capital
9	30 June 2016	1,779,249	25,594,496.87	Branch expansion/Working capital
10	30 September 2016	142,547	2,050,538.60	Branch expansion/Working capital
11	30 December 2016	49,358	710,014.83	Branch expansion/Working capital

# Corporate Social Responsibility Activities for 2016



## Major Cineplex Group donated for education to Thai Rath Foundation

Vicha Poolvaraluk, CEO of Major Cineplex Group Public Company Limited donated 200,000 baht for education to Thai Rath Foundation via **Sarawut Watcharaphon**, Editor of Thai Rath Newspaper so as to render further help to society.

## Major Cineplex Group and Thai Red Cross join blood drive

Major Cineplex Group and Thai Red Cross invited its employees and the general public to donate blood every month as part of the lifesaving effort. This activity was organized to promote blood donation to ensure sufficient blood stock for the Thai Red Cross.

## Major Cineplex and Ruang Lao Chao Nee deliver happiness to kids nationwide watching movies for free on children's day 200,000 seats

Major Cineplex Group and Ruang Lao Chao Nee (Stories of This Morning) TV news program gave away more than 200,000 free movies tickets for kids of age 12 and lower. The tickets could be used with more than 600 theaters of Major Cineplex Group nationwide. In addition to the tickets, Major Cineplex also gave a free bowling game and a one-hour ice-skating round for each kid. These were available at Blu-o Rhythm and Bowl, Major Bowl Hit and Sub-Zero Ice-Skate

## Major Cineplex Group share happiness in the Elderly's Day by giving chance to the elderly at 60 years of age and above to enjoy watching movies for free !!!

Major Cineplex Group shared happiness in the Elderly's Day by giving chance to all seniors at 60 years of age and above to enjoy their freedom lives



watching movies for free during 13-15 April 2016. Just showing membership card 'M Gen Freedom,' they were granted a free movie ticket to see all movies of all rounds at all day in regular system at the theatres of every brand of Major Cineplex Group at every branch nationwide. Seniors who do not have a membership card 'M Gen Freedom' can sign up for free Just showing ID card at the branch they saw the movie.

## Fashion Show with Diplomatic Corp to save the Elephants

Major Cineplex Group and the Diplomat TV show co-organized "Saving Thai Elephants" event to raise fund for Thai Elephants Research and Conservation Fund in Khao Yai. The event featured Indian fashion show presented by spouses of ambassadors from nine countries. Among the dignitaries were His Excellency **Mr. Enno Drofenik**, the Ambassador of Austria, His Excellency **Mr. Paul Robilliard**, the Ambassador of Australia, His Excellency **Mr. Noh Kwang-il**, Ambassador of the Republic of Korea and His Excellency **Mr. Peter Prügell**, the Ambassador of Germany. Actor **Alexander Simon Rendell** and elephant expert **Alongkot Chukaew** joined the event which was held at Bangkok Airways Theater Blue Ribbon Screen, Paragon Cineplex.

## Major Care Foundation Activity 2016

1. "Broaden Horizons, Creating Smiles" Activity, since 2013, Major Care Foundation was able to take disadvantaged children to watch movies totaling 145,924 children with support of stationary and disadvantaged elderly that over 60 years totaling 24,503 elderly to watch movies in cinemas of Major Cineplex Group at every branch both in Bangkok and upcountry.

In 2016, Major Care Foundation bring disadvantaged children to watch movies in cinemas of Major Cineplex Group at every branch nationwide



totaling 34,251 children who already received stationary and disadvantaged elderly totaling 5,396 elderly to watch movies in cinemas of Major Cineplex Group at every branch both in Bangkok and upcountry.

**2. “Paint Smile into the Heart Charity” Activity,** Major Cineplex Group supported scholarships for needy students. After watching a special movie session sponsored by MAJOR, students would be invited to write an expressive essay. Top 10 students from poor families would be given 10,000 Baht scholarship while the other 10 scholarships would be given to physically and mentally challenged pupils. The charity had so far given away 60 scholarships.

This charity was hosted by Major Care Foundation which raised fund from a bowling charity at Blu-O Rhythm and Bowl, 5<sup>th</sup> Floor of Paragon Cineplex. After expense deduction, the fund would be used for charitable activities of the Foundation including the grant of 20 scholarships. Ten scholarships, each 10,000 baht, were given to disadvantaged children, while the other 10 were given to physically and mentally challenged students. Major Care Foundation believed that education opportunity would inspire the underprivileged children to develop and turn themselves into quality asset for the Thai society.

**3. “Movie Centers for Edutainment” Activity,** Major Care Foundation built movie centers for 10 rural schools. The centers would facilitate the extracurricular activities and open the world for the kids, and served as recreational hubs for the communities. Great movies, cartoons and documentary together with advice of teachers would inspire and sowed positive attitude for the kid’s daily life. The Foundation would select and consistently supply the centers with great movies and documentaries.

In 2016, Major Care Foundation has prepared and transfer a film room for learning includes 11 schools in



11 provinces and Major Care Foundation is committed to fill the gap and paint the smile for the needy children. All donation and assistance will allow the Foundation to continue passing the good to the society.

**Major Care Foundation** in collaboration with **Bangkok Metropolitan** held the event of walk and run for charity “Major Care Mini Marathon 2016 Run with Care” under the theme “Every Running Step for Kids’ Bright Future” on Sunday 14 February 2016 at **Rama IIIV Bridge** to campaign for the general public to join the exercise for good health, and encouraging families to do things together as well as have the opportunity to make the merit for charity. All proceeds after expenses were used for the charitable activities of the Foundation such as supporting stationaries, scholarships and creating a film room for learning and then giving to rural schools with disadvantaged students in the schools which were the center of the community spreading across the country 10 schools per year. Children would have a small area in the school to do learning activities outside the classroom with a teacher’s guide through animated films, cartoon movies and creative documentaries which were kinds of media supplemented with knowledge that help broaden the idea and create inspiration.

# Management Discussion & Analysis

## An Overview of the Company in 2016

Major Cineplex Group Public Company Limited operates five main businesses: cinema, bowling, karaoke and ice skating rink, rental and services, advertising and movie content production and distribution. In 2016, the Company continued to follow a strategy of steady growth across these businesses, with the objective to penetrate a larger target group of customers both nationwide and across CLMV. The group added 21 new branches with 73 screens, including 1 branch and 4 screens at Major Cineplex at Friendship Mall, Pakse District Jamphasak in Lao People's Democratic Republic. Our new Laos projects are held under investment by Major Holding International (a solely owned subsidiary of Major) into 100% of the ordinary share of registered capital in Cineplex (Lao) Sole Co., Ltd. The new Company was registered in 20 May 2016, with registered capital Baht 4.3 million comprising of 100,000 shares at 43 baht per share. The objective is a cinema service provider for further expansion in Lao People's Democratic Republic.

At the end of the year 2016, Major Cineplex Group in total operated 113 branches and 678 screens comprising 40 branches and 346 screens in Bangkok and vicinity and 70 branches and 316 screens in out-of-Bangkok provinces, 3 branches and 16 screens outside Thailand (International). The group also operates 277 bowling lanes, 174 karaoke rooms and 5 ice skating rinks, plus 1 branch and 13 bowling lanes in Cambodia and 50,656 square meters of rental area.

For movie content business, the company completed a joint venture with CJ E&M Co., Ltd. - the largest film producer and film distributor in Korea on 9<sup>th</sup> March 2016 called "CJ Major Entertainment Co., Ltd." The objective of the joint venture is film

production and distribution in Thailand and International. Within the venture Major holds 245 shares at initial valuation of Baht 2.45 million and 49% of registered capital. The new company is focused on Thai film production to serve Thai and International markets and to help develop the Thai movie industry to grow faster in terms of both quality and quantity of content output. The first production of CJMAJOR was "Suddenly Twenty" which was released on 24<sup>th</sup> November 2016. Furthermore, on 21 October 2016, M Picture Entertainment Public Co., Ltd. established "Metacognition Co., Ltd." to operate as an advertising agency for all media, with the registered capital of Baht 2 million, comprising 20,000 ordinary shares at Baht 100 per share. The subsidiary will own 60% or equivalent to Baht 1.20 million.

## An Overview of the Operating Results in 2016

The company's total revenue was Baht 8,745 million, a Baht 165 million or 2% increase from 2015. Details include;

**Revenue from admission sales and foods and concession sales** increased Baht 343 million or 6%. Growth from core business came from the increase in the number of screens operated by the company. The highest box office movie of 2016 ("Jazz 4G") was produced and released by our subsidiary company, delivering noticeably strong results in the Thailand upcountry area. Other notable films for the year include Captain America3: Civil War, Deadpool, Fantastic Beasts, Batman VS Superman : Dawn of Justice (2015 : Fast & Furious 7, Jurassic World, Avenger 2).

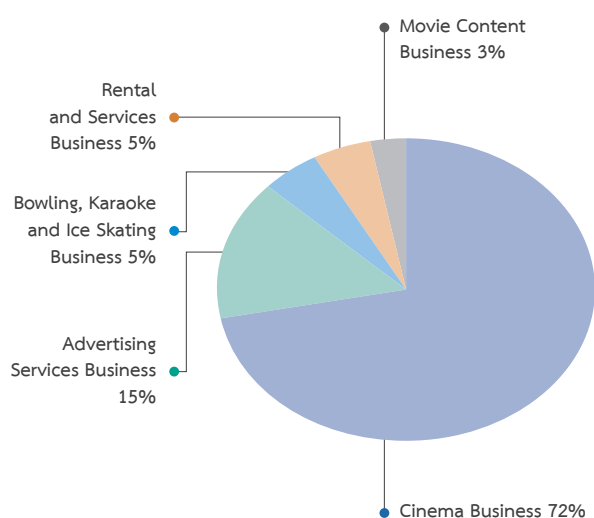
**Revenue from advertising** increased Baht 64 million or 5% growth.

**Revenue from Bowling and Karaoke Business** declined Baht 25 million or 6% negative because of decreasing number of branches in order to improve the efficiency of operation.

**Revenue from Rental area** declined Baht 45 million or 9%. This was due primarily from the closure of Kasetsart and Ratchayothin road flyover for the construction of a new BTS project. The company has given temporary discounts to some tenants at our Ratchayothin branch who are suffering a temporary decline in traffic from this effect. However, for renewal contract and new contracts rates are increasing and expect to have growth in future as the future impact from this construction are expected to improve traffic.

**Revenue from Movie Content Production and Distribution** experienced a significant declined of Baht 172 million or 37%. This is due largely to the increasing decline of the home DVD/VCD industry. The company also has plans to scale down this business and refocus on film production and distribution business on more relevant local commercial product along the lines of our hit film “Jazz 4G” - the highest grossing box office in 2016.

The revenue breakdown of each Business are following:



The Company had other income of Baht 213 million, an increase of 34% from 2015, mainly from Baht 139 million profit from divestment of shares in PVR Limited. The company also recognized the proceeds of an insurance compensation claim from fire accident of Baht 40 million.

Gross profit Baht was increased by 137 million or 5% from 2015 and the company gross margin was 36%, an increase over the 2015 level at 35%, due to revenue from screen expansion and efficiency cost management.

Selling and administrative expense increased Baht 399 million or 20% from 2015. Contributing to this was a selling expense increase of Baht 44 million from M Picture Group, reflecting a large increase films under production. The company also reserved Baht 44 million provision of doubtful debt. That company also decreased the value of its inventory of DVD/VCD product by Baht 36 million, those two items are reserved for business scale down of its home entertainment business. The company also had a one-time write off of Property, Plant and Equipment of Baht 44 million from a fire accident at Pinklao branch and the renovation works of our Ratchayothin branch. An additional Baht 18 million was placed on reserve for impairment of Property, Plant and Equipment from Bowling and Karaoke branches closure.

Net profit of the company was at Baht 1,188 million, an increase of Baht 17 million or 1% from 2015. Earnings per share was at 1.33 Baht per share (2015 : 1.31 Baht per share)

## The Company's Financial Status at the End of 2016

### Assets

The Company had total assets at a value of Baht 14,725 million at the end of 2016, increasing Baht 479 million or 3% from 2015. The increase came from a Baht 321 million in current assets from 2015 and an increase of Baht 158 million in Non-Current Assets from 2015. These gains came mostly from the profit from divestment in associates and joint ventures (Baht 252 million) and from land, building and equipment (net) which increased Baht 233 million from business expansion.

### Liabilities

The Company had total liabilities at a value of Baht 8,007 million at the end of 2016, an increase of Baht 409 million or 5% from 2015. It is comprised of current liabilities Baht 6,420 million (increase of Baht 940 million) and non-current liabilities Baht 1,587 million (decreased Baht 531 million) from investment activities.

### Cash

As at the end of 2016, the Company had cash and cash equivalents in the amount of Baht 531 million, an increase of Baht 219 million from 2015. Positive cash flow from operating activities was Baht 1,721 million, investment activities in the amount of Baht 1,026 million (negative) and the cash flow used by procurement activities Baht 476 million.

### Financial Ratio

The Company had a net profit margin of 13.6% which is equivalent to previous year 2015. Return on equity (ROE) increased 0.1% to 17.7% (2015: 17.6%), return on the Company's asset of 10.8% decreased 1% from 2015 (11.5%), and lastly debt to equity or D/E was 1.19, increasing 0.05 times from 2015 (1.14 times in 2015)

In Conclusion, the financial situation of the Company at year-end 2016, Assets and Liabilities increased as the Company pursued its objective to cover the expansion of the business in all areas in order to satisfy the needs from the customers in our continued expansion. The Company continues to monitor and maintain its liabilities effectively and appropriately.

MAJOR CINEPLEX GROUP PUBLIC COMPANY LIMITED

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# CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2016

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# Independent Auditor's Report

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

## My opinion

In my opinion, the consolidated financial statements of Major Cineplex Group Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated financial position of the Group and separate financial position of the Company as at 31 December 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

## What I have audited

I have audited the accompanying consolidated financial statements of the Group and separate financial statements of the Company, which comprise the consolidated and separate statements of financial position as at 31 December 2016, and the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

## Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. I determined one key audit matter: Goodwill impairment assessment. The matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

Key audit matter	How my audit addressed the key audit matter
<p><b>Goodwill impairment assessment</b></p> <p>According to Thai Accounting Standard 36, Impairment of assets (TAS 36), goodwill acquired in a business combination should be tested for impairment annually.</p> <p>In note 14 to the consolidated financial statements for the related disclosures, the Group's goodwill is recognised in three Cash Generating Units (CGUs): Cinema business (Baht 17.17 million), Rental and Service business (Baht 22.79 million) and Movie Content business (Baht 165.42 million).</p> <p>Management assessed the value-in-use (VIU) of goodwill and concluded that the carrying amount of goodwill after provision for impairment was adequately stated.</p> <p>I focused on the goodwill impairment assessment because of the size of the goodwill balance, and because the management's assessment of the VIU of the Group's CGUs involves significant judgements about the future results of the business and the discount rates applied to future cashflow forecasts. Small subjective changes in the discount rate can have a material impact on the VIU assessment and any resultant impairment charge.</p>	<p>I evaluated management's cashflow forecasts for each CGU and the process by which they were developed, including verifying the mathematical accuracy of the underlying calculations. I also compared the forecasts to the latest Board approved budgets. I found that the budgets used in the VIU calculations were consistent with the Board approved budgets, and that the key assumptions, which are growth rate and discount rate, were subject to oversight by the Directors.</p> <p>I compared the current year (2016) actual results with the prior year (2015) forecast to consider whether any forecasts included assumptions that, with hindsight, had been optimistic. I found that actual performance was consistent with forecast performance.</p> <p>I also challenged:</p> <ol style="list-style-type: none"> <li>1. management's key assumptions for growth rates in the forecasts by comparing them to historical results and economic and industry forecasts; and</li> <li>2. the discount rate used in the model by assessing the cost of capital of the Group by comparing it to market data and industry research.</li> </ol> <p>I found the key assumptions used by management in relation to the VIU calculations to be reasonable and appropriate.</p>

## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

## **Responsibilities of the directors for the consolidated and separate financial statements**

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

## **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.

**Kajornkiet Aroonpirodkul**

Certified Public Accountant (Thailand) No. 3445

Bangkok

17 February 2017

**Major Cineplex Group Public Company Limited**  
**Statement of Financial Position**  
**As at 31 December 2016**

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
	Notes	2016	2015	2016	2015
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	530,873,228	312,059,689	173,652,272	92,965,386
Trade account and other receivables	9	1,256,314,802	1,180,518,655	712,395,685	502,020,445
Short-term loans to related parties	36	8,000,000	-	474,899,781	547,667,008
Inventories	10	97,810,135	182,583,923	61,690,571	88,084,312
Films under production		221,085,004	138,425,918	-	-
Current portion of prepaid rents	17	44,665,434	40,777,104	19,978,111	16,095,758
Other current assets	11	191,628,317	175,538,561	60,557,879	46,734,348
<b>Total current assets</b>		<b>2,350,376,920</b>	<b>2,029,903,850</b>	<b>1,503,174,299</b>	<b>1,293,567,257</b>
<b>Non-current assets</b>					
Available-for-sale investment	8	512,698,612	748,530,498	512,698,612	748,530,498
Restricted cash		4,586,767	4,550,520	-	-
Finance lease receivables		11,479,186	12,447,674	-	-
Investment in subsidiaries	12	-	-	3,620,413,946	3,741,268,546
Investment in associates	12	2,751,690,359	2,525,403,524	2,501,310,195	2,323,374,428
Interest in joint ventures	12	288,167,915	300,877,587	245,167,525	245,167,525
Long-term loans to related parties	36	1,922,603	1,558,246	301,705,900	331,336,043
Property, plant and equipment	13	7,591,205,434	7,357,913,775	4,471,538,833	4,193,927,993
Goodwill	14	205,380,716	238,328,810	-	-
Intangible assets	15	120,790,748	131,950,615	44,931,512	49,771,108
Deferred income tax assets	16	9,066,047	14,255,518	-	-
Long-term prepaid rents	17	609,467,930	539,850,485	355,558,616	261,332,688
Other non-current assets	18	268,079,614	340,452,713	179,251,203	241,103,914
<b>Total non-current assets</b>		<b>12,374,535,931</b>	<b>12,216,119,965</b>	<b>12,232,576,342</b>	<b>12,135,812,743</b>
<b>Total assets</b>		<b>14,724,912,851</b>	<b>14,246,023,815</b>	<b>13,735,750,641</b>	<b>13,429,380,000</b>

Director \_\_\_\_\_ Director \_\_\_\_\_

The accompanying notes on pages 80 to 150 are an integral part of these consolidated and separate financial statements.

**Major Cineplex Group Public Company Limited**  
**Statement of Financial Position (Cont'd)**  
**As at 31 December 2016**

		Unit: Baht				
		Consolidated financial statements		Separate financial statements		
Notes		2016	2015	2016	2015	
<b>Liabilities and equity</b>						
<b>Current liabilities</b>						
Bank overdrafts and short-term						
	borrowings from financial institutions	20	3,137,985,914	2,464,982,061	3,031,055,974	2,455,477,440
	Trade account and other payables	19	1,761,239,462	1,907,897,666	1,197,814,370	1,281,776,643
	Current portion of long-term borrowings	20	1,337,408,236	901,021,009	1,253,632,360	821,542,387
	Short-term loans from related parties	36	18,150,000	23,000,000	993,447,090	1,191,427,819
	Accrued income tax		79,438,164	90,286,074	15,910,867	39,702,648
	Other current liabilities	21	85,724,873	92,649,282	37,538,117	36,662,745
<b>Total current liabilities</b>			<b>6,419,946,649</b>	<b>5,479,836,092</b>	<b>6,529,398,778</b>	<b>5,826,589,682</b>
<b>Non-current liabilities</b>						
Long-term borrowings from financial						
	institutions	20	763,914,342	1,287,177,012	580,132,671	1,019,403,094
	Deferred income tax liabilities	16	277,500,897	336,334,688	29,689,462	86,927,861
	Employee benefit obligations	22	41,384,449	36,289,093	28,045,929	25,128,217
	Other non-current liabilities	23	504,427,856	458,064,316	135,285,803	106,300,300
<b>Total non-current liabilities</b>			<b>1,587,227,544</b>	<b>2,117,865,109</b>	<b>773,153,865</b>	<b>1,237,759,472</b>
<b>Total liabilities</b>			<b>8,007,174,193</b>	<b>7,597,701,201</b>	<b>7,302,552,643</b>	<b>7,064,349,154</b>
<b>Equity</b>						
Share capital						
		24				
Authorised share capital						
	Ordinary shares, 896,266,347 shares					
	par value of Baht 1 each		<u>896,266,347</u>	<u>896,266,347</u>	<u>896,266,347</u>	<u>896,266,347</u>
Issued and fully paid-up share capital						
	Ordinary shares, 894,533,377 shares					
	(2015: 892,519,658 shares)					
	paid-up of Baht 1 each	24	894,533,377	892,519,658	894,533,377	892,519,658
	Share premium	24	4,053,063,850	4,014,840,114	4,053,063,850	4,014,840,114
	Share premium - Treasury share	24	288,424,625	288,424,625	288,424,625	288,424,625
	Warrants		5,287,662	11,058,494	750,000	7,187,590
Retained earnings						
	Appropriated - Legal reserve	26	90,600,000	90,600,000	90,600,000	90,600,000
	Unappropriated		1,320,957,222	1,204,870,002	782,391,256	649,658,669
	Other components of equity		<u>(15,972,461)</u>	<u>78,516,960</u>	<u>323,434,890</u>	<u>421,800,190</u>
Equity attributable to owners of the parent			6,636,894,275	6,580,829,853	6,433,197,998	6,365,030,846
	Non-controlling interest	27	<u>80,844,383</u>	<u>67,492,761</u>	-	-
<b>Total equity</b>			<b>6,717,738,658</b>	<b>6,648,322,614</b>	<b>6,433,197,998</b>	<b>6,365,030,846</b>
<b>Total liabilities and equity</b>			<b>14,724,912,851</b>	<b>14,246,023,815</b>	<b>13,735,750,641</b>	<b>13,429,380,000</b>

The accompanying notes on pages 80 to 150 are an integral part of these consolidated and separate financial statements.

**Major Cineplex Group Public Company Limited**  
**Income Statement**  
**For the year ended 31 December 2016**

		Unit: Baht			
Notes	Consolidated financial statements		Separate financial statements		
	2016	2015	2016	2015	
<b>Revenues</b>					
Services income	6,985,962,171	6,706,849,208	4,135,942,004	3,986,533,062	
Sales	1,759,406,683	1,873,596,088	1,085,137,180	1,081,853,774	
<b>Total revenues</b>	<b>8,745,368,854</b>	<b>8,580,445,296</b>	<b>5,221,079,184</b>	<b>5,068,386,836</b>	
<b>Costs</b>					
Cost of providing services	(4,871,663,495)	(4,697,357,818)	(3,178,693,531)	(3,042,959,621)	
Cost of sales	(708,786,960)	(855,330,963)	(342,273,896)	(336,737,816)	
<b>Total costs</b>	<b>(5,580,450,455)</b>	<b>(5,552,688,781)</b>	<b>(3,520,967,427)</b>	<b>(3,379,697,437)</b>	
<b>Gross profit</b>	<b>3,164,918,399</b>	<b>3,027,756,515</b>	<b>1,700,111,757</b>	<b>1,688,689,399</b>	
Other operating income	28 578,579,034	384,342,211	1,323,637,260	541,871,274	
Selling expenses	(548,990,983)	(504,578,327)	(304,808,601)	(234,079,686)	
Administrative expenses	(1,862,791,835)	(1,508,064,349)	(1,250,556,612)	(898,697,185)	
Finance costs	30 (144,032,127)	(154,908,763)	(175,556,770)	(183,843,241)	
Share of profit of investments in associates and joint ventures	12 256,159,527	237,182,769	-	-	
<b>Profit before income tax</b>	<b>1,443,842,015</b>	<b>1,481,730,056</b>	<b>1,292,827,034</b>	<b>913,940,561</b>	
Income tax	31 (236,839,223)	(300,059,703)	(87,960,750)	(153,298,115)	
<b>Profit for the year</b>	<b>1,207,002,792</b>	<b>1,181,670,353</b>	<b>1,204,866,284</b>	<b>760,642,446</b>	
<b>Profit attributable to:</b>					
Owners of the parent	1,188,220,917	1,170,922,485	1,204,866,284	760,642,446	
Non-controlling interest	27 18,781,875	10,747,868	-	-	
	<b>1,207,002,792</b>	<b>1,181,670,353</b>	<b>1,204,866,284</b>	<b>760,642,446</b>	
<b>Earnings per share</b>					
32					
Basic earnings per share	1.33	1.31	1.35	0.85	
Diluted earnings per share	1.33	1.31	1.35	0.85	

The accompanying notes on pages 80 to 150 are an integral part of these consolidated and separate financial statements.

**Major Cineplex Group Public Company Limited**  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2016**

		Unit: Baht			
Notes		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
	<b>Profit for the year</b>	1,207,002,792	1,181,670,353	1,204,866,284	760,642,446
	<b>Other comprehensive income (expense):</b>				
	Items that will not be reclassified to profit or loss				
	Remeasurements of employee benefit obligations				
	- The Group/The Company	22	- (7,598,777)	- (5,404,324)	
	- Joint venture		- (185,947)	- -	
	Income tax on items that will not be reclassified		- 1,486,205	- 1,080,865	
	<b>Total items that will not be reclassified to profit or loss</b>		- (6,298,519)	- (4,323,459)	
	Items that will be reclassified subsequently to profit or loss				
	Remeasuring of available-for-sale investments	8	(122,956,625) 21,187,164	(122,956,625) 21,187,164	
	Currency translation differences		3,875,879 5,392,812	- -	
	Income tax relating to items that will be reclassified		24,591,325 (4,237,433)	24,591,325 (4,237,433)	
	<b>Total items that will be reclassified subsequently to profit or loss</b>		(94,489,421) 22,342,543	(98,365,300) 16,949,731	
	Other comprehensive income for the year, net of income tax		(94,489,421) 16,044,024	(98,365,300) 12,626,272	
	<b>Total comprehensive income for the year</b>		<u>1,112,513,371</u> <u>1,197,714,377</u>	<u>1,106,500,984</u> <u>773,268,718</u>	
	<b>Total comprehensive income attributable to:</b>				
	Owners of the parent		1,093,731,496 1,186,966,509	1,106,500,984 773,268,718	
	Non-controlling interest	27	18,781,875 10,747,868	- -	
			<u>1,112,513,371</u> <u>1,197,714,377</u>	<u>1,106,500,984</u> <u>773,268,718</u>	

The accompanying notes on pages 80 to 150 are an integral part of these consolidated and separate financial statements.

**Major Cineplex Group Public Company Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2016**

	Consolidated financial statements											Unit: Baht		
	Attributable to owners of the parent						Other components of equity							
	Issued and paid-up share capital	Share premium	Share treasury share premium - (Note 24)	Warrants	Retained earnings		Change in parent's ownership interest in subsidiaries	Other comprehensive income (expense)		Total other component of equity	Total owners of the parent		Non-controlling interest	Total equity
					Legal reserve	Unappropriated		Translation of financial statements	Available-for-sale investment					
Opening balance as at 1 January 2015	890,058,836	3,967,547,875	288,424,625	17,248,773	90,600,000	1,020,528,716	(349,215,676)	770,899	404,850,459	56,405,682	6,330,814,507	55,961,314	6,386,775,821	
Changes in equity for the year														
Proceeds from exercise of warrants (Note 24)	2,460,822	47,292,239	-	(13,555,268)	-	-	-	-	-	-	36,197,793	-	36,197,793	
Warrants	-	-	-	7,519,805	-	-	(231,265)	-	-	-	7,519,805	-	7,519,805	
Exercise of warrants in subsidiary	-	-	-	(154,816)	-	(980,282,680)	-	-	-	(231,265)	(386,081)	783,579	397,498	
Dividends payment (Note 33)	-	-	-	-	-	1,164,623,966	-	5,392,812	16,949,731	22,342,543	1,186,966,509	10,747,868	(980,282,680)	
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	1,197,714,377	
Closing balance as at 31 December 2015	892,519,658	4,014,840,114	288,424,625	11,058,494	90,600,000	1,204,870,002	(349,446,941)	6,163,711	421,800,190	78,516,960	6,580,829,853	67,492,761	6,648,322,614	
Opening balance as at 1 January 2016	892,519,658	4,014,840,114	288,424,625	11,058,494	90,600,000	1,204,870,002	(349,446,941)	6,163,711	421,800,190	78,516,960	6,580,829,853	67,492,761	6,648,322,614	
Changes in equity for the year														
Proceeds from exercise of warrants (Note 24)	2,013,719	38,223,736	-	(11,257,212)	-	-	-	-	-	-	28,980,243	-	28,980,243	
Warrants (Note 25)	-	-	-	5,486,380	-	-	-	-	-	-	5,486,380	-	5,486,380	
Acquisition of investment in subsidiary (Note 27)	-	-	-	-	-	(1,072,133,697)	-	-	-	-	-	5,315,737	5,315,737	
Dividends payment (Note 33)	-	-	-	-	-	1,188,220,917	-	3,875,879	(98,365,300)	(94,489,421)	(1,072,133,697)	(10,745,990)	(1,082,879,687)	
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	1,093,731,496	18,781,875	1,112,513,371	
Closing balance as at 31 December 2016	894,533,377	4,053,063,850	288,424,625	5,287,662	90,600,000	1,320,957,222	(349,446,941)	10,039,590	323,434,890	(15,972,461)	6,636,894,275	80,844,383	6,717,738,658	

The accompanying notes on pages 80 to 150 are an integral part of these consolidated and separate financial statements.

**Major Cineplex Group Public Company Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2016**

	Separate financial statements							Unit: Baht		
	Issued and paid-up share capital	Share premium	Treasury share (Note 24)	Share premium-Treasury share (Note 24)	Retained earnings		Other components of equity			
					Warrants	Legal reserve	Unappropriated		Other comprehensive income (expense)	
									Available-for-sale investment	Total other component of equity
Opening balance as at 1 January 2015	890,058,836	3,967,547,875	288,424,625	15,067,176	90,600,000	873,622,362	404,850,459	6,530,171,333		
Changes in equity for year										
Additional shares from exercise of warrants (Note 24)	2,460,822	47,292,239	-	(13,555,268)	-	-	-	36,197,793		
Warrants	-	-	-	5,675,682	-	-	-	5,675,682		
Dividends payment (Note 33)	-	-	-	-	-	(980,282,680)	-	(980,282,680)		
Total comprehensive income for the year	-	-	-	-	-	756,318,987	16,949,731	773,268,718		
Closing balance as at 31 December 2015	892,519,658	4,014,840,114	288,424,625	7,187,590	90,600,000	649,658,669	421,800,190	6,365,030,846		
Opening balance as at 1 January 2016	892,519,658	4,014,840,114	288,424,625	7,187,590	90,600,000	649,658,669	421,800,190	6,365,030,846		
Changes in equity for year										
Additional shares from exercise of warrants (Note 24)	2,013,719	38,223,736	-	(11,257,212)	-	-	-	28,980,243		
Warrants (Note 25)	-	-	-	4,819,622	-	-	-	4,819,622		
Dividends payment (Note 33)	-	-	-	-	-	(1,072,133,697)	-	(1,072,133,697)		
Total comprehensive income for the year	-	-	-	-	-	1,204,866,284	(98,365,300)	1,106,500,984		
Closing balance as at 31 December 2016	894,533,377	4,053,063,850	288,424,625	750,000	90,600,000	782,391,256	323,434,890	6,433,197,998		

The accompanying notes on pages 80 to 150 are an integral part of these consolidated and separate financial statements.

**Major Cineplex Group Public Company Limited**  
**Statement of Cash Flows**  
**For the year ended 31 December 2016**

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
Notes		2016	2015	2016	2015
<b>Cash flows from operating activities</b>					
Cash generated from operations	34	2,127,101,420	2,365,339,355	973,453,160	1,074,562,816
Interest paid		(134,545,144)	(149,623,729)	(174,523,139)	(189,427,644)
Income tax paid		(271,597,587)	(315,241,535)	(144,302,277)	(171,975,503)
Net cash generated from operating activities		1,720,958,689	1,900,474,091	654,627,744	713,159,669
<b>Cash flows from investing activities</b>					
Decrease in restricted cash		(36,246)	(38,769)	-	-
Short-term loans made to related parties	36	(8,000,000)	-	(609,217,679)	(811,514,334)
Receipt from settlements of short-term loans to related parties	36	-	-	681,984,907	905,425,416
Long-term loans made to related parties	36	(953,500)	(14,250)	(953,500)	(14,250)
Receipt from settlements of long-term loans to related parties	36	589,143	569,028	30,583,643	100,569,028
Loans made to third party		20,300	(250,000)	20,300	(250,000)
Receipt from loans to third party		-	51,526	-	51,526
Payment for short-term investments		-	(145,000,000)	-	(145,000,000)
Proceeds from disposal of short-term investments		-	145,036,957	-	145,036,957
Payments for investment in subsidiaries		-	-	-	(8,686,629)
Cash receive from acquisition of subsidiary, net of cash payment	35	18,288,581	1,237,763	-	-
Proceeds from liquidation of subsidiaries	12	-	-	-	4,129,916
Payments for investment in associates	12	(207,891,950)	(162,788,430)	(207,891,950)	(162,788,430)
Proceeds from disposals of investment in associates	12	63,101,650	184,388,960	63,101,650	184,388,960
Payments for investment in joint ventures	12	-	(24,958,174)	-	-
Proceeds from disposal of available-for sale investment	8	386,498,417	196,088,927	386,498,417	196,088,927
Purchases of property, plant and equipment		(1,261,724,795)	(1,439,784,276)	(900,901,502)	(1,092,993,154)
Proceeds from disposals of property, plant and equipment		4,081,672	5,428,261	994,813	729,224
Payments for intangible assets		(232,736,685)	(239,593,084)	(22,589,340)	(21,789,173)
Proceeds from disposals of intangible assets		104,112	-	2,857,220	-
Dividends received from subsidiaries, associates and joint ventures	12	208,321,047	144,481,848	636,731,175	136,716,634
Dividends received from long-term investments		1,176,122	947,583	1,176,122	947,583
Interest received		3,149,465	9,173,030	40,310,865	51,829,200
Net cash (used in) received from investing activities		(1,026,012,667)	(1,325,023,100)	102,705,141	(517,122,599)

The accompanying notes on pages 80 to 150 are an integral part of these consolidated and separate financial statements.

**Major Cineplex Group Public Company Limited**  
**Statement of Cash Flows (Cont'd)**  
**For the year ended 31 December 2016**

		Unit: Baht			
Notes	Consolidated financial statements		Separate financial statements		
	2016	2015	2016	2015	
<b>Cash flows from financing activities</b>					
Proceeds from short-term loans from related parties	36	-	-	2,225,650,928	2,253,799,228
Repayments to short-term loans from related parties	36	(4,850,000)	(2,000,000)	(2,423,631,657)	(2,036,295,036)
Proceeds from (repayment to) bank overdrafts		(7,574,680)	9,504,622	-	-
Proceeds from short-term loans from financial institutions		8,300,000,000	7,535,000,000	8,195,000,000	7,490,000,000
Repayments to short-term loans from financial institutions		(7,620,000,000)	(7,305,000,000)	(7,620,000,000)	(7,210,000,000)
Repayments to finance lease liabilities		(92,472,139)	(94,482,316)	(1,542,387)	(3,519,429)
Proceeds from long-term borrowings	20	1,000,000,000	-	1,000,000,000	-
Repayments long-term borrowings	20	(209,000,000)	(40,000,000)	(209,000,000)	(40,000,000)
Redemption of debentures		(800,000,000)	-	(800,000,000)	-
Non-controlling interests invest in subsidiary		800,000	-	-	-
Proceeds from exercised warrants	25	28,980,243	36,595,291	28,980,243	36,197,793
Dividends paid to shareholders	33	(1,072,015,907)	(980,258,576)	(1,072,103,126)	(980,258,576)
Net cash used in financing activities		(476,132,483)	(840,640,979)	(676,645,999)	(490,076,020)
<b>Net (decrease) increase in cash and cash equivalents</b>					
		218,813,539	(265,189,988)	80,686,886	(294,038,950)
Opening balance of cash and cash equivalents		312,059,689	577,249,677	92,965,386	387,004,336
<b>Closing balance of cash and cash equivalents</b>	7	<u>530,873,228</u>	<u>312,059,689</u>	<u>173,652,272</u>	<u>92,965,386</u>

**Non-cash transactions**

Significant non-cash transactions are as follows:

Investment in property, plant and equipment, not yet paid	-	56,927,977	-	44,802,957
Dividends payable	10,863,780	24,104	30,570	24,104
Dividends receivable	4,499,990	-	119,916,000	-
Receivable from disposal of available-for-sale investment	73,010,874	-	73,010,874	-
Reclassification other non-current asset to leasehold right	60,000,000	130,000,000	60,000,000	130,000,000
Prepaid long-term rents, not yet paid	10,000,000	-	10,000,000	-

The accompanying notes on pages 80 to 150 are an integral part of these consolidated and separate financial statements.

**Major Cineplex Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2016**

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**1 General information**

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

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

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

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

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

These consolidated and separate financial statements were authorised for issue by the Board of Directors on 17 February 2017.

**2 Accounting policies**

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

**2.1 Basis of preparation**

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

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

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

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

## **2 Accounting policies (Cont'd)**

### **2.2 New/revised financial reporting standards and revised financial reporting standards**

1) New/revised financial reporting standards and interpretations are effective on 1 January 2016.

a) New/revised financial reporting standards and interpretation which are relevant and have a significant impact to the Group:

TAS 16 (revised 2015)	Property, plant and equipment
TAS 19 (revised 2015)	Employee benefits
TAS 24 (revised 2015)	Related party disclosures
TAS 27 (revised 2015)	Separate financial statements
TAS 36 (revised 2015)	Impairment of assets
TAS 38 (revised 2015)	Intangible assets
TFRS 2 (revised 2015)	Share-based payment
TFRS 3 (revised 2015)	Business combinations
TFRS 8 (revised 2015)	Operating segments
TFRS 10 (revised 2015)	Consolidated financial statements
TFRS 12 (revised 2015)	Disclosure of interests in other entities
TFRS 13 (revised 2015)	Fair value measurement

TAS 16 (revised 2015), 'Property, plant and equipment' clarifies how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. This standard has no impact to the Group.

TAS 19 (revised 2015), 'Employee benefits' is amended to apply to contributions from employees or third parties to defined benefit plans and to clarify the accounting treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. This standard has no impact to the Group.

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. This standard has no impact to the Group, except for disclosures.

TAS 27 (revised 2015) allows an investment entity that is exempted from consolidating its subsidiaries presenting Company as its only financial statements. It requires the investment entity to measure its investment in subsidiaries at fair value through profit or loss. This standard has no impact to the Group.

TAS 36 (revised 2015), 'Impairment of assets' is amended to provide additional disclosure requirement when the recoverable amount of the assets is measured at fair value less costs of disposal. The disclosures include 1) the level of fair value hierarchy and 2) when fair value measurement categorised within level 2 and level 3, disclosures is required for valuation technique and key assumption. This standard has no impact to the Group, except for disclosures.

TAS 38 (revised 2015), 'Intangible assets' is amended to clarify how the gross carrying amount and the accumulated amortisation are treated where an entity uses the revaluation model. This standard has no impact to the Group.

TFRS 2 (revised 2015), 'Share based payments' clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. This standard has no impact to the Group.

TFRS 3 (revised 2015), 'Business combinations' clarifies i) an obligation to pay contingent consideration which meets the definition of a financial instrument as a financial liability or equity, on the basis of the definitions in TAS 32, 'Financial instruments: Presentation' (when announced) or other applicable standards. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss, and ii) TFRS 3 does not apply to the accounting for the formation of any joint venture under TFRS 11. This standard has no impact to the Group.

**Major Cineplex Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2016**

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**2 Accounting policies (Cont'd)**

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

- 1) New/revised financial reporting standards and interpretations are effective on 1 January 2016. (Cont'd)

- a) New/revised financial reporting standards and interpretation which are relevant and have a significant impact to the Group: (Cont'd)

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker. This standard has no impact to the Group, except for disclosures.

TFRS10 (revised 2015) 'Consolidated' is amended to define an investment entity and introduce an exception from consolidation. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. This standard has no impact to the Group.

TFRS 12 (revised 2015) introduces disclosures that an investment entity needs to disclose. This standard has no impact to the Group and the disclosures.

TFRS 13 (revised 2015), 'Fair value measurement' is amended to clarify that the portfolio exception in TFRS 13 applies to all contracts (including non-financial contracts) within the scope of TAS 39 (when announced) or TFRS 9 (when announced). This standard has no impact to the Group.

- b) Revised financial reporting standards and interpretations with minor changes and do not have impact to the Group are as follows:

TAS 1 (revised 2015)	Presentation of financial statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of cash flows
TAS 8 (revised 2015)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2015)	Events after the reporting period
TAS 11 (revised 2015)	Construction contracts
TAS 12 (revised 2015)	Income taxes
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 21 (revised 2015)	The effects of changes in foreign exchange rates
TAS 23 (revised 2015)	Borrowing costs
TAS 26 (revised 2015)	Accounting and reporting by retirement benefit plans
TAS 28 (revised 2015)	Investments in associates and joint ventures
TAS 33 (revised 2015)	Earnings per share
TAS 34 (revised 2015)	Interim financial reporting
TAS 37 (revised 2015)	Provisions, contingent liabilities and contingent assets
TFRS 11 (revised 2015)	Joint arrangements
TSIC 15 (revised 2015)	Operating leases - Incentives
TSIC 25 (revised 2015)	Income taxes - changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2015)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 31 (revised 2015)	Revenue - barter transactions involving advertising services
TSIC 32 (revised 2015)	Intangible assets - Web site costs
TFRIC 4 (revised 2015)	Determining whether an arrangement contains a lease
TFRIC 10 (revised 2015)	Interim financial reporting and impairment
TFRIC 13 (revised 2015)	Customer loyalty programmes
TFRIC 14 (revised 2015)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction

## **2 Accounting policies (Cont'd)**

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

- 2) Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards.

- a) Financial reporting standards, which have significant changes and are relevant to the Group:

TAS 1 (revised 2016)	Presentation of financial statements
TAS 16 (revised 2016)	Property, plant and equipment
TAS 19 (revised 2016)	Employee benefits
TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 34 (revised 2016)	Interim financial reporting
TAS 38 (revised 2016)	Intangible assets
TFRS 10 (revised 2016)	Consolidated financial statements
TFRS 11 (revised 2016)	Joint arrangements
TFRS 12 (revised 2016)	Disclosure of interests in other entities

TAS 1 (revised 2016), the amendments provide clarifications on a number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals - line items specified in TAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes - confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

TAS 16 (revised 2016), key amendments are 1) The amendments clarify that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate and 2) The amendments include bearer plants in scope of TAS 16.

TAS 19 (revised 2016), the amendments clarify that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28. While current TAS 27 allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value (when announced). The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

TAS 28 (revised 2016), the significant changes are 1) the amendments allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture and 2) the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method.

**2 Accounting policies (Cont'd)**

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

- 2) Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards. (Cont'd)

- a) Financial reporting standards, which have significant changes and are relevant to the Group: (Cont'd)

TAS 34 (revised 2016), the amendments clarify that what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'; entities taking advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements.

TAS 38 (revised 2016), the amendments include a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either the intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or it can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

TFRS 10 (revised 2016), the amendments clarify that: 1) the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities and 2) an investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.

TFRS 11 (revised 2016), the amendments clarify that 1) the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting and 2) existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained.

TFRS 12 (revised 2016), the amendments clarify the disclosure requirements of an entity which is an investment entity and exception from preparing consolidated financial statement and instead measured its subsidiaries at fair value is required to disclose information of its subsidiaries according to the requirement in TFRS 12.

Management has assessed and considered that the above revised standards will not have a material impact on the Group.

**2 Accounting policies (Cont'd)**

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

2) Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards. (Cont'd)

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

TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of cash flows
TAS 8 (revised 2016)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2016)	Events after the reporting period
TAS 12 (revised 2016)	Income taxes
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 21 (revised 2016)	The effects of changes in foreign exchange rates
TAS 23 (revised 2016)	Borrowing costs
TAS 24 (revised 2016)	Related party disclosures
TAS 26 (revised 2016)	Accounting and reporting by retirement benefit plans
TAS 33 (revised 2016)	Earnings per share
TAS 36 (revised 2016)	Impairment of assets
TAS 37 (revised 2016)	Provisions, contingent liabilities and contingent assets
TFRS 2 (revised 2016)	Share-based payment
TFRS 3 (revised 2016)	Business combinations
TFRS 8 (revised 2016)	Operating segments
TFRS 13 (revised 2016)	Fair value measurement
TSIC 15 (revised 2016)	Operating leases - Incentives
TSIC 25 (revised 2016)	Income taxes - Changes in the tax status of an entity or its shareholders
TSIC 31 (revised 2016)	Revenue - Barter transactions involving advertising services
TSIC 32 (revised 2016)	Intangible assets - Web site costs
TFRIC 4 (revised 2016)	Determining whether an arrangement contains a lease
TFRIC 10 (revised 2016)	Interim financial reporting and impairment
TFRIC 13 (revised 2016)	Customer loyalty programmes
TFRIC 14 (revised 2016)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities

**2 Accounting policies (Cont'd)**

**2.3 Group accounting - investments in subsidiaries and associates and interests in joint ventures**

**a) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separated financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

A list of the Group's principal subsidiaries and the financial effects of acquisitions and disposals of subsidiaries are shown in Note 12.

**2 Accounting policies (Cont'd)**

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

**b) Transactions with non-controlling interests**

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

**c) Disposal of subsidiaries**

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

**d) Associates**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the income statement.

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

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

In the separate financial statements, investments in associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

## **2 Accounting policies (Cont'd)**

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

#### **e) Joint arrangements**

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

### **2.4 Foreign currency translation**

#### **a) Functional and presentation currency**

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

#### **b) Transactions and balances**

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

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

#### **c) Group companies**

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

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

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

**2 Accounting policies (Cont'd)**

**2.5 Cash and cash equivalents**

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

**2.6 Trade accounts receivable**

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

**2.7 Inventories and films under production**

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

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

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

**2.8 Investments**

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

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

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

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

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

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

## 2 Accounting policies (Cont'd)

### 2.9 Property, plant and equipment

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

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

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

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

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

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

### 2.10 Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liability of the acquired subsidiary and the fair value of the non-controlling interest in the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position.

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

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

## **2 Accounting policies (Cont'd)**

### **2.11 Other intangible assets**

#### **Film rights**

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

#### **Computer software**

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

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

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

### **2.12 Impairment of assets**

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

### **2.13 Leases**

#### **Leases - where the Group is the lessee**

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

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

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

## **2 Accounting policies (Cont'd)**

### **2.13 Leases (Cont'd)**

#### **Leases - where the Group is the lessor**

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

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

### **2.14 Borrowings**

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

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

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

#### **a) Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## **2 Accounting policies (Cont'd)**

### **2.15 Current and deferred income taxes**

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

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

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

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

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

### **2.16 Employee benefits**

#### **Employee benefits obligations**

Group companies operate various employee benefit schemes. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act, B.E. 2530. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available. A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

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

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

Past-service costs are recognised immediately in profit or loss.

## **2 Accounting policies (Cont'd)**

### **2.17 Share-based payment**

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

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

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

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

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

### **2.18 Provisions**

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

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

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

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

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

## **2 Accounting policies (Cont'd)**

### **2.19 Share capital**

Ordinary shares are classified as equity.

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

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

### **2.20 Revenue recognition**

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

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

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

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

Revenue from advertising is recognised when the media are appeared.

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

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

Other revenues are recognised on the following basis:

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

### **2.21 Customer loyalty programmes**

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

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

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

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

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

## **2 Accounting policies (Cont'd)**

### **2.22 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

### **2.23 Segment reporting**

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

## **3 Financial risk management**

### **3.1 Financial risk factors**

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

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

#### **3.1.1 Foreign exchange risk**

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

#### **3.1.2 Interest rate risk**

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

#### **3.1.3 Credit risk**

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

#### **3.1.4 Liquidity risk**

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

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**3 Financial risk management (Cont'd)**

**3.2 Fair value estimation**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's financial assets and liabilities that are measured at fair value. See note 8 for disclosures of the disposal groups held for sale that are measured at fair value.

**As at 31 December 2016**

	<b>Level 1 Baht</b>
<b>Assets</b>	
<b>Available-for-sale financial assets</b>	
Equity securities	
Media and publishing industry	512,698,612
<b>Total assets</b>	<b>512,698,612</b>

**As at 31 December 2015**

	<b>Level 1 Baht</b>
<b>Assets</b>	
<b>Available-for-sale financial assets</b>	
Equity securities	
Media and publishing industry	748,530,498
<b>Total assets</b>	<b>748,530,498</b>

**(a) Financial instruments in level 1**

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

#### **4 Critical accounting estimates, assumptions and judgements**

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

##### **4.1 Critical accounting estimates and assumptions**

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

###### **a) Estimated impairment of goodwill**

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.12. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations or fair value less cost to sell as appropriate. These calculations require the use of estimates (Note 14).

If the estimated cost of capital used in determining the pre-tax discount rate applied to the discounted cash flows had been 1.0% higher than management's estimates (for example, 7.0% instead of 6.0%), the Group has to additionally recognise impairment of goodwill amounting to Baht 8.24 million. In the preparation of forecast financial statement; however, management based on the past operating result and the expected growth in the industry, the growth rate is consistent with the past actual result. The base case is considered as the appropriate base in evaluation of goodwill.

###### **b) Impairment of receivables**

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

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

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

###### **d) Provision for goods returns**

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

###### **e) Valuation of movies under production**

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

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

**4.1 Critical accounting estimates and assumptions (Cont'd)**

**f) Employee benefit obligations**

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

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

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 22.

**g) Provision for customers loyalty program**

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

**4.2 Critical judgements in applying the entity's accounting policies**

**a) Joint arrangements**

The Company holds 49% of the voting rights of its joint arrangement. The Group has joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

The Group's joint arrangement is structured as a limited company and provides the Group and the parties to the agreements with rights to the net assets of the limited company under the arrangements. Therefore, this arrangement is classified as a "Joint venture".

**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.

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**6 Segment information**

Financial information by business segment is follows:

	Consolidated financial statements					Unit: Million Baht
	Cinema business	Advertising business	Bowling and Karaoke business	Rental and services business	Movie content business	
<b>For the year ended 31 December 2016</b>						
Revenues						
- Gross segment revenues	6,985	1,009	532	574	485	9,585
- Inter segment revenues	(488)	-	(59)	(97)	(196)	(840)
Net revenues	6,497	1,009	473	477	289	8,745
Segment results						
Compensation income	569	724	(21)	(2)	(169)	1,101
Gain on disposal of investment						46
Unallocated expense						376
						(191)
Operating profit						1,332
Finance costs						(144)
Share of profit of associates and joint ventures						256
Profit before income tax						1,444
Income tax						(237)
Net profit						1,207
Segment fixed assets						
Investments in associates and interest in joint ventures	5,941	21	605	1,008	16	7,591
Unallocated assets						3,040
Consolidated total assets						4,094
						14,725

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**6 Segment information (Cont'd)**

	Consolidated financial statements					Unit: Million Baht
	For the year ended 31 December 2015					
	Cinema business	Advertising business	Bowling and Karaoke business	Rental and services business	Movie content business	
Revenues						
- Gross segment revenues	6,594	973	580	626	542	9,315
- Inter segment revenues	(488)	-	(70)	(103)	(74)	(735)
Net revenues	6,106	973	510	523	468	8,580
Segment results						
Compensation income	702	683	1	54	(145)	1,295
Gain on disposal of investment						8
Unallocated expense						237
						(141)
Operating profit						1,399
Finance costs						(154)
Share of profit of associates and joint ventures						237
Profit before income tax						1,482
Income tax						(300)
Net profit						1,182
Segment fixed assets						
Investments in associates and interest in joint ventures	5,508	33	692	1,107	18	7,358
Unallocated assets						2,826
						4,062
Consolidated total assets						14,246

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**6 Segment information (Cont'd)**

Unallocated costs represent corporate expenses. Segment assets consist of 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.

**7 Cash and cash equivalents**

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash on hand	42,570,698	38,460,043	30,748,394	26,553,152
Deposits held at call with banks	488,302,530	273,599,646	142,903,878	66,412,234
Cash and cash equivalents	<u>530,873,228</u>	<u>312,059,689</u>	<u>173,652,272</u>	<u>92,965,386</u>

The effective interest rates on short-term bank deposit are ranging from 0.10% to 0.37 % per annum (2015: 0.10% to 0.50% per annum).

**8 Available-for-sale investment**

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

	Unit: Baht	
	Consolidated financial statements and Separate financial statements	
	2016	2015
Opening book value	748,530,498	785,507,073
Disposal at cost	(112,875,261)	(58,163,739)
Realised gain	(364,634,030)	(137,925,188)
Gain (loss) on exchange rate	(14,778,177)	36,031,897
Change in fair value of investments	238,455,582	123,080,455
Closing book value	<u>512,698,612</u>	<u>748,530,498</u>

The fair values of the investments are as follows:

	Unit: Baht	
	Consolidated financial statements and Separate financial statements	
	2016	2015
Cost	108,405,000	221,280,261
Unrealised gain	404,293,612	527,250,237
Fair value	<u>512,698,612</u>	<u>748,530,498</u>

During 2016, the Company disposed available-for-sale investment for a consideration of Baht 459.51 million and recognised gain on disposal of investment amounting to Baht 346.63 million, which included in "Other income".

The fair value of the investment is based on quoted market prices at the statement of financial position date in the Stock Exchange of India Limited. The fair values are within level 1 of the fair value hierarchy.

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**9 Trade account and other receivables**

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade accounts receivable - third parties	638,634,765	634,608,967	131,278,990	100,390,651
Trade accounts receivable - related parties (Note 36)	12,739,615	11,480,243	61,164,952	67,395,248
Unbilled revenue	386,400,007	308,528,225	33,867,924	43,311,236
Total	1,037,774,387	954,617,435	226,311,866	211,097,135
<u>Less</u> Allowance for doubtful accounts	(43,593,884)	(6,732,086)	-	-
Trade accounts receivable, net	994,180,503	947,885,349	226,311,866	211,097,135
Amounts due from related parties (Note 36)	69,473,283	51,519,243	334,798,246	176,610,251
Other accounts receivable	150,855,347	131,059,460	132,067,929	88,513,436
Prepaid expenses	41,805,669	50,054,603	19,217,644	25,799,623
Trade account and other receivables	<u>1,256,314,802</u>	<u>1,180,518,655</u>	<u>712,395,685</u>	<u>502,020,445</u>

Outstanding trade and other receivables can be analysed according to ages as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Unbilled revenue	387,444,295	309,367,943	33,867,924	46,152,295
Trade accounts receivable				
Current	264,235,989	388,629,061	86,154,678	113,882,608
Overdue less than 3 months	180,998,295	184,932,497	85,254,698	46,726,464
3 - 6 months	35,912,437	32,530,355	12,813,909	2,121,682
6 - 12 months	133,649,357	22,241,681	7,217,687	1,240,641
Over 12 months	35,534,014	16,915,898	1,002,970	973,445
Total	1,037,774,387	954,617,435	226,311,866	211,097,135
<u>Less</u> Allowance for doubtful accounts	(43,593,884)	(6,732,086)	-	-
Trade accounts receivable, net	<u>994,180,503</u>	<u>947,885,349</u>	<u>226,311,866</u>	<u>211,097,135</u>

**10 Inventories**

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Foods and beverages	78,087,657	114,188,601	50,456,727	80,467,373
VCD and DVD, net of allowance	4,825,959	58,391,683	-	-
Supplies and others	14,896,519	10,003,639	11,233,844	7,616,939
Inventories, net	<u>97,810,135</u>	<u>182,583,923</u>	<u>61,690,571</u>	<u>88,084,312</u>

Cost of inventory was recognised as an expense and included in cost amounting to Baht 476.39 million and Baht 337.19 million in the Consolidated and separate income statements, respectively (2015: Baht 517.97 million and Baht 328.44 million).

The Group recorded reversal of loss from obsolescence and allowance for diminution in value to inventories in the consolidated income statement for the year ended 31 December 2016 amounting to Baht 18.41 million (2015: Charged of Baht 2.45 million).

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**11 Other current assets**

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Value added tax receivable	91,559,478	97,909,850	33,627,034	41,059,845
Withholding tax deducted at sources	43,026,517	53,505,521	381,168	478,496
Others	57,042,322	24,123,190	26,549,677	5,196,007
	<u>191,628,317</u>	<u>175,538,561</u>	<u>60,557,879</u>	<u>46,734,348</u>

**12 Investments in subsidiaries, associates and interests in joint ventures**

**Investments accounted for using equity method**

The amounts recognised in the balance sheet are as follows:

	Unit: Baht	
	Consolidated financial statements	
	2016	2015
Associates	2,751,690,359	2,525,403,524
Joint ventures	288,167,915	300,877,587
	<u>3,039,858,274</u>	<u>2,826,281,111</u>

The amounts recognised in the income statement are as follows:

	Unit: Baht	
	Consolidated financial statements	
	2016	2015
Associates	250,824,492	234,894,716
Joint ventures	5,335,035	2,288,053
	<u>256,159,527</u>	<u>237,182,769</u>

**(a) Investment in associates**

Summarised statement of financial position

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Opening net book amount	2,525,403,524	2,343,980,072	2,323,374,428	2,233,091,268
Additions	207,891,950	162,788,430	207,891,950	162,788,430
Disposals	(33,365,449)	(85,277,816)	(29,956,183)	(72,505,270)
Dividends received	(194,821,572)	(130,981,878)	-	-
Deferred gain on disposals of assets to the Property fund				
(Note 13)	(4,242,586)	-	-	-
Share of results	250,824,492	234,894,716	-	-
Closing net book amount	<u>2,751,690,359</u>	<u>2,525,403,524</u>	<u>2,501,310,195</u>	<u>2,323,374,428</u>

Gain on disposals of assets to the Property Fund will be realised on the straight-line basis over the lease contracts period of the buildings leased out to the Property Fund. During 2016, the Group realised gain on disposals of Baht 16.32 million in the consolidated income statement. (2015: Baht 16.32 million).

**12 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)**

**(a) Investment in associates (Cont'd)**

Investment in associates included goodwill of Baht 246.48 million (2015: Baht 235.31 million) in the consolidated financial statements. During 2016, the Company received dividends income from associates amounting to Baht 194.82 million, which was recognised in "Other income" in the company income statement and recognised in "Investment in associates" in the consolidated statement of financial position.

**Siam Future Development Public Company Limited ("SF")**

**2016**

During the year, the Company made additional investment in SF of 28.97 million shares totalling Baht 173.59 million.

In addition, the Company disposed investment in SF of 10.68 million shares for the considerations of Baht 63.10 million and recognised gain on disposal of investment amounting to Baht 29.74 million, and Baht 33.15 million, which included in "Other income" in the Consolidated and separate income statements, respectively.

The aforementioned movement of investment resulted in the change to shareholding percentage from 23.86% to 24.89%.

**2015**

During the year, the Company made additional investment in SF of 28.74 million shares totalling Baht 162.79 million.

In addition, the Company disposed investment in SF of 27.63 million shares for the considerations of Baht 184.39 million and recognised gain on disposal of investment amounting to Baht 99.11 million, and Baht 111.88 million, which included in "Other income" in the Consolidated and separate income statements, respectively.

**CJ Major Entertainment Company Limited ("CJM")**

**2016**

On 9 March 2016, the Company invested in CJM, a film producer and film distributor, of 245 shares for a consideration of Baht 2.45 million. Investment in CJM representing 49.00% of the registered shares is classified as investment in associate taking into account of controlling power and returns. The equity method of accounting is applied to this investment in the consolidated financial information.

On 28 March 2016, CJM increased the authorised share capital by issuing 6,500 new shares at par value of Baht 10,000 per share. The Company additionally acquired shares of CJM for a total consideration of Baht 31.85 million in order to maintain shareholding interest of 49.00%.

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**12 Investments in subsidiaries, associates and interest in joint ventures (Cont'd)**

**(a) Investment in associates (Cont'd)**

The details of investments in associates in 2016 and 2015 are as follows

	Country of incorporation and place of business	Nature of business	Nature of relationship	% Ownership interest		Measurement method
				31 December 2016	31 December 2015	
<b>Associates</b>						
Siam Future Development Public Company Limited ("SF")	Thailand	Rental of building space and utilities services	Shareholder	24.89	23.86	Equity
Ratchayothin Avenue Co., Ltd.	Thailand	Rental of building space and utilities services	Shareholder Shareholder Indirect Via SF	50.00 12.45	50.00 11.93	Equity Equity
Major Cineplex Lifestyle Leasehold Property Fund ("MJLF")	Thailand	Rental of building space and utilities services	Shareholder	33.00	33.00	Equity
Thai ticket major Co., Ltd.	Thailand	Agent for selling of tickets	Shareholder	40.00	40.00	Equity
CJ Major Entertainment Company Limited ("CJM")	Thailand	Film production and distribution	Shareholder	49.00	-	Equity

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**12 Investments in subsidiaries, associates and interest in joint ventures (Cont'd)**

**(a) Investment in associates (Cont'd)**

As at 31 December 2016, the fair value of the Groups interest in SF, which is listed on the Stock Exchange of Thailand, was Baht 2,719.48 million (2015: Baht 2,649.42 million) and the carrying amount of the Group's interest was Baht 1,538.25 million (2015: Baht 1,357.75 million).

As at 31 December 2016, the fair value of the Group's interest in MJLF, which is listed on the Stock Exchange of Thailand, was Baht 1,600.83 million (2015: Baht 1,426.59 million) and the carrying amount of the Group's interest was Baht 1,098.39 million (2015: Baht 1,080.18 million).

There is no contingent liabilities relating to the Group's interest in associates.

**Summarised financial information for associates**

Set out below are the summarised financial information for SF and MJLF which are accounted for using the equity method.

**Summarised statement of financial position**

	<b>SF</b>		<b>MJLF</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Current assets</b>						
Cash and cash equivalents	25,197,937	33,499,626	248,924,395	290,261,730	274,122,332	323,761,356
Other current asset (excluding cash)	390,310,803	876,914,618	2,393,064	2,521,705	392,703,867	879,436,323
<b>Total current assets</b>	<b>415,508,740</b>	<b>910,414,244</b>	<b>251,317,459</b>	<b>292,783,435</b>	<b>666,826,199</b>	<b>1,203,197,679</b>
<b>Non-current assets</b>	<b>8,726,075,381</b>	<b>8,032,364,851</b>	<b>3,925,653,469</b>	<b>3,839,063,324</b>	<b>12,651,728,850</b>	<b>11,871,428,175</b>
<b>Current liabilities</b>						
(excluding trade payables)	1,067,780,163	779,985,158	-	1,845,724	1,067,780,163	781,830,882
Other current liabilities (including trade payables)	428,647,024	453,353,435	36,464,371	17,057,165	465,111,395	470,410,600
<b>Total current liabilities</b>	<b>1,496,427,187</b>	<b>1,233,338,593</b>	<b>36,464,371</b>	<b>18,902,889</b>	<b>1,532,891,558</b>	<b>1,252,241,482</b>
<b>Non-current liabilities</b>						
Financial liabilities	499,406,215	1,198,796,677	-	-	499,406,215	1,198,796,677
Other non-current liabilities	1,304,839,142	1,341,262,070	93,052,983	91,074,759	1,397,892,125	1,432,336,829
<b>Total non-current liabilities</b>	<b>1,804,245,357</b>	<b>2,540,058,747</b>	<b>93,052,983</b>	<b>91,074,759</b>	<b>1,897,298,340</b>	<b>2,631,133,506</b>
<b>Net assets including non-controlling interests</b>	<b>5,840,911,577</b>	<b>5,169,381,755</b>	<b>4,047,453,574</b>	<b>4,021,869,111</b>	<b>9,888,365,151</b>	<b>9,191,250,866</b>
<b>Non-controlling interests</b>	<b>(385,294,132)</b>	<b>(370,361,235)</b>	<b>-</b>	<b>-</b>	<b>(385,294,132)</b>	<b>(370,361,235)</b>
<b>Net assets excluding non-controlling interests</b>	<b>5,455,617,445</b>	<b>4,799,020,520</b>	<b>4,047,453,574</b>	<b>4,021,869,111</b>	<b>9,503,071,019</b>	<b>8,820,889,631</b>

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**12 Investments in subsidiaries, associates and interest in joint ventures (Cont'd)**

**(a) Investment in associates (Cont'd)**

**Summarised statement of comprehensive income**

	Unit: Baht					
	SF		MJLF		Total	
	2016	2015	2016	2015	2016	2015
Revenue	1,404,639,910	1,401,462,142	482,318,590	480,051,314	1,886,958,500	1,881,513,456
Depreciation and amortisation	(262,132,950)	(261,103,836)	-	-	(262,132,950)	(261,103,836)
Interest income	26,268,732	27,197,527	3,088,597	3,403,092	29,357,329	30,600,619
Interest expense	(75,242,935)	(96,372,720)	-	-	(75,242,935)	(96,372,720)
<b>Profit or loss from continuing operation</b>	<b>969,047,690</b>	<b>930,051,619</b>	<b>364,113,868</b>	<b>357,598,286</b>	<b>1,333,161,558</b>	<b>1,287,649,905</b>
Income tax expense	(45,968,049)	(38,064,687)	-	-	(45,968,049)	(38,064,687)
<b>Post-tax profit from continuing operations</b>	<b>923,079,641</b>	<b>891,986,932</b>	<b>364,113,868</b>	<b>357,598,286</b>	<b>1,287,193,509</b>	<b>1,249,585,218</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>(264,556)</b>	<b>(5,229,406)</b>	<b>4,515,374</b>	<b>(5,229,406)</b>	<b>4,250,818</b>
<b>Total comprehensive income</b>	<b>923,079,641</b>	<b>891,722,376</b>	<b>358,884,462</b>	<b>362,113,660</b>	<b>1,281,964,103</b>	<b>1,253,836,036</b>
<b>Dividends received from associates</b>	<b>64,432,572</b>	<b>7,686,078</b>	<b>109,989,000</b>	<b>111,295,800</b>	<b>174,421,572</b>	<b>118,981,878</b>

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

**Reconciliation of summarised financial information**

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

Summarised financial information	Unit: Baht					
	SF		MJLF		Total	
	2016	2015	2016	2015	2016	2015
<b>Opening net assets as at 1 January</b>	<b>4,799,020,520</b>	<b>4,236,305,764</b>	<b>4,021,869,111</b>	<b>3,997,015,451</b>	<b>8,820,889,631</b>	<b>8,233,321,215</b>
Profit for the period	923,079,641	891,986,932	364,113,868	357,598,286	1,287,193,509	1,249,585,218
Other comprehensive income	-	(264,556)	(5,229,406)	4,515,374	(5,229,406)	4,250,818
Dividend paid	(266,482,716)	(329,007,620)	(333,300,000)	(337,260,000)	(599,782,716)	(666,267,620)
<b>Carrying value as at period end</b>	<b>5,455,617,445</b>	<b>4,799,020,520</b>	<b>4,047,453,573</b>	<b>4,021,869,111</b>	<b>9,503,071,018</b>	<b>8,820,889,631</b>
Interest in associate (%)	24.89	23.86	33.00	33.00		
Interest in joint venture	1,357,903,182	1,145,046,296	1,335,659,679	1,327,216,807	2,693,562,861	2,472,263,103
Effect from change of percentage of ownership interest	(42,478,514)	1,051,186	-	-	(42,478,514)	1,051,186
Adjusted gain from selling assets	-	-	(237,268,154)	(247,039,054)	(237,268,154)	(247,039,054)
Goodwill	222,824,515	211,653,466	-	-	222,824,515	211,653,466
<b>Carrying value</b>	<b>1,538,249,183</b>	<b>1,357,750,948</b>	<b>1,098,391,525</b>	<b>1,080,177,753</b>	<b>2,636,640,708</b>	<b>2,437,928,701</b>

**Individually immaterial associates**

In addition to interest in joint ventures disclosed above, the Group also has interests in a number of individually material joint ventures that are accounted for using the equity method.

	Unit: Baht	
	2016	2015
Aggregate carrying amount of individually immaterial associates	115,049,651	87,474,823
Aggregate amounts of repost entity's share of:		
Profit from continuing activities	13,674,827	26,384,102
<b>Total comprehensive income</b>	<b>13,674,827</b>	<b>26,384,102</b>

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**12 Investments in subsidiaries, associates and interest in joint ventures (Cont'd)**

**(b) Investment in joint venture**

Movement of interests in joint venture is as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>Unit: Baht</b>			
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Opening book amount	300,877,587	294,159,582	245,167,525	255,167,325
Additional investment	-	26,775,326	-	-
Reclassification from investment in joint ventures to subsidiaries (Note 12 (c))	-	(8,638,141)	-	(9,999,800)
Dividends received	(17,999,465)	(13,499,970)	-	-
Share of result	5,335,035	2,288,053	-	-
Share of comprehensive (loss)	-	(185,947)	-	-
Difference from translation of financial statements	(45,242)	(21,316)	-	-
Closing book amount	<u>288,167,915</u>	<u>300,877,587</u>	<u>245,167,525</u>	<u>245,167,525</u>

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**12 Investments in subsidiaries, associates and interest in joint ventures (Cont'd)**

**(b) Investment in joint venture (Cont'd)**

The jointly controlled entities are:

	Place of Business/countr y of incorporation	Nature of business	Nature of the relationship	% of ownership interest		Measurement method
				31 December 2016	31 December 2015	
<b>Joint ventures</b>						
PVR blu-O Entertainment Co., Ltd. ("PVR blu-O")	India	Bowling, Karaoke and entertainment	Shareholder	49.00	49.00	Equity
<b>Joint venture under MPIC</b>						
Major Kantana Broadcasting Company Limited	Thailand	Satellite broadcasting and distribution of film rights	Indirect shareholding	41.61	41.61	Equity
Transformation Film Co., Ltd.	Thailand	Film production, advertising, television programmes service provided for all forms of entertainment	Indirect shareholding	26.42	26.42	Equity
MVP M Pictures Distribution (Lao) Co., Ltd. ("MVP")	Laos	Film distribution	Indirect Shareholding	36.98	36.98	Equity

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**12 Investments in subsidiaries, associates and interest in joint ventures (Cont'd)**

**(b) Investment in joint venture (Cont'd)**

**Commitments and contingent liabilities in respect of joint ventures**

The Group has no commitments relating to non-controlling interests of its joint ventures.

**Individually immaterial joint ventures**

The Group also has interests in a number of individually immaterial joint ventures that are accounted for using the equity method.

	<b>Unit: Baht</b>	
	<b>2016</b>	<b>2015</b>
Aggregate carrying amount of individually immaterial joint ventures	288,167,915	300,877,587
Aggregate amounts of the reporting entity's share of profit from continuing activities	5,335,035	2,288,053
<b>Total comprehensive income</b>	<b>5,335,035</b>	<b>2,288,053</b>

**c) Principal subsidiaries**

Movements of investment in subsidiaries can be analysed as follows:

	<b>Unit: Baht</b>	
	<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>
Investment in subsidiaries	3,742,768,546	3,742,768,546
<u>Less</u> Allowance for impairment	(122,354,600)	(1,500,000)
Investment in subsidiaries, net	<u>3,620,413,946</u>	<u>3,741,268,546</u>
<b>For the years ended 31 December</b>		
Opening net book amount	3,741,268,546	3,732,412,032
Acquisitions	-	8,686,629
Reclassification from investment in joint ventures to subsidiaries (Note 12(b))	-	9,999,800
Liquidation of subsidiaries	-	(8,329,915)
Impairment of investment	(120,854,600)	(1,500,000)
Closing net book amount	<u>3,620,413,946</u>	<u>3,741,268,546</u>

**12 Investments in subsidiaries, associates and interest in joint ventures (Cont'd)**

**c) Principal subsidiaries (Cont'd)**

During 2016, the Company received dividends income from subsidiaries amounting to Baht 561.82 million (2015: Baht 5.73 million), which was recognised as "Other income" in the Company income statement.

**Additional of investment in subsidiaries**

**Major Platinum Cineplex (Lao) Co., Ltd.**

On 1 January 2016, Major Holding International Co., Ltd. (subsidiary) has invested in 60.00% of ordinary shares in Major Platinum Cineplex (Lao) Co., Ltd., a cinema services provider in Lao People's Democratic Republic, totalling Baht 6.04 million. Details of business combinations are disclosed in note 35.

**Cineplex (Lao) Sole Co., Ltd.**

On 20 May 2016, Major Holding International Co., Ltd. (subsidiary) has invested in 100.00% of ordinary shares in Cineplex (Lao) Sole Co., Ltd., a cinema services provider in Lao People's Democratic Republic which is registered on 20 May 2016, totalling Baht 4.30 million.

**Metacognition Co., Ltd. ("MTC")**

On 21 October 2016, M Picture Entertainment Public Co., Ltd. (subsidiary) has established a new company namely Metacognition Co., Ltd. to operate as advertising agency for all media, with the registered share capital of Baht 2.00 million, comprising 20,000 ordinary shares with a par value of Baht 100 each. The subsidiary will own 60.00% or equivalent to Baht 1.20 million in Metacognition Co., Ltd.

**K Arena Co., Ltd. ("K Arena")**

On 19 January 2015, the Company has purchased 50.00% of ordinary shares in K Arena Co., Ltd., which is an operator of Karaoke business, totalling Baht 8.69 million. As a result, the shareholding percentage changed from 49.99% to 99.99%, and the status of investment changed from joint venture to subsidiary.

On 20 December 2016, K Arena has registered to change its name to Major Reward Co., Ltd. and amended the objectives of the company to operate in customer relationship services, electronic payment, and coupon kiosk.

**Liquidation of subsidiaries**

**Udon Five Star Cineplex Co., Ltd. ("UDF")**

On 13 August 2015, UDF was registered for liquidation. UDF declared a dividend of Baht 9.69 per share and returned the registered capital to shareholders. The Company received a dividend of Baht 3.78 million and cash from registered capital of Baht 2.73 million. The Company incurred loss from liquidation amounting to Baht 4.20 million.

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

On 13 August 2015, CMC was registered for liquidation. CMC declared a dividend of Baht 9.77 per share and returned the registered capital to shareholders. The Company received a dividend of Baht 1.95 million and cash from registered capital of Baht 1.40 million.

During 2016, the impairment charge of Baht 120.85 million was provided for as a result of the lower of recoverable amount than carrying value.

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**12 Investments in subsidiaries, associates and interest in joint ventures (Cont'd)**

**c) Principal subsidiaries (Cont'd)**

Subsidiaries	Country of incorporation and place of business	Nature of business	Nature of relationship	% Ownership interest	
				2016	2015
Major Cineplex Property Co., Ltd.	Thailand	Building space for rent	Shareholder	99.99	99.99
Major Cineplex Services Co., Ltd.	Thailand	Utilities services	Shareholder	99.99	99.99
Ratchayothin Management Co., Ltd.	Thailand	Utilities services	Shareholder	99.99	99.99
Ratchayothin Cinema Co., Ltd.	Thailand	Land and building space for rent	Shareholder	99.99	99.99
Ratchayothin Realty Co., Ltd.	Thailand	Building space for rent	Shareholder	99.99	99.99
Major Bowl Group Co., Ltd.	Thailand	Bowling, Karaoke and entertainment services	Shareholder	99.99	99.99
Major Cinead Co., Ltd.	Thailand	Advertising and advisory services	Shareholder	99.93	99.93
Bangkok Imax Theater Co., Ltd.	Thailand	Cinema services	Shareholder	99.93	99.93
Siam Cineplex Co., Ltd.	Thailand	Cinema services	Shareholder	99.99	99.99
EGV Entertainment Public Company Limited ("EGV")	Thailand	Cinema services, advertising services, and area for rent	Shareholder	99.98	99.98
M Picture Entertainment Public Company Limited ("MPIC")	Thailand	Publishing, advertising and distribution of film rights	Shareholder	92.46	92.46
Major Holding International Co., Ltd. ("MHD")	Thailand	Holding business	Shareholder	99.96	99.96
Digital Projector Management Co., Ltd.	Thailand	Projector rental and system management	Shareholder	99.99	99.99
Major Rewards Co., Ltd. (formerly: K Arena Co., Ltd. "K Arena")	Thailand	Customer relationship management loyalty program, E-payment and coupon Kiosk	Shareholder	99.99	99.99
<b>Subsidiaries under EGV</b>					
EGV Exhibition Co., Ltd.	Thailand	Cinema services	Indirect shareholding	99.96	99.96
<b>Subsidiaries under MPIC</b>					
TV Forum Co., Ltd.	Thailand	Television media business	Indirect shareholding	-	92.46
M Picture Co., Ltd.	Thailand	Distribution of film rights for cinema services, VCD/DVD production and TV broadcast	Indirect shareholding	92.46	92.46
M.V.D. Co., Ltd. ("MVD")	Thailand	Distribution of VCD/DVD, Blu-ray and film rights	Indirect shareholding	92.46	92.46
M Thirtynine Co., Ltd.	Thailand	Film production	Indirect shareholding	92.46	92.46
Talent One Co., Ltd.	Thailand	Film production	Indirect shareholding	83.22	83.22
Metacognition Co., Ltd	Thailand	Advertising agency businesses	Indirect shareholding	55.48	-

**Major Cineplex Group Public Company Limited**  
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**12 Investments in subsidiaries, associates and interest in joint ventures (Cont'd)**

**c) Principal subsidiaries (Cont'd)**

Subsidiaries	Country of incorporation and place of business	Nature of business	Nature of relationship	% Ownership interest	
				2016	2015
Subsidiary under MVD					
Pacific Media Sale Co., Ltd.	Thailand	Distribution of CD, VCD and DVD	Indirect shareholding	91.91	91.91
Subsidiaries under MHD					
Major Platinum Cineplex (Cambodia) Co., Ltd. (“Major Platinum”)	Cambodia	Cinema and bowling services	Indirect shareholding	69.97	69.97
Major Platinum Cineplex (Lao) Co., Ltd. (“Major Platinum Lao”)	Lao People’s Democratic Republic	Cinema services	Indirect shareholding	59.98	-
Cineplex (Lao) Co., Ltd. (“CNP”)	Lao People’s Democratic Republic	Cinema services	Indirect shareholding	99.99	-

The comprehensive income for the year for non-controlling interest is Baht 18.78 million, of which Baht 2.33 million is for MPIC.

**Summarised financial information on subsidiaries with material non-controlling interests**

Set out below are the summarised financial information for each subsidiary with non-controlling interests are material to the Group, being MPIC.

**Summarised statement of financial position**

	Unit: Baht	
	MPIC	
	2016	2015
Current		
Assets	690,814,954	663,487,893
Liabilities	261,541,462	179,531,013
<b>Total current net assets</b>	<b>429,273,492</b>	<b>483,956,880</b>
Non-current		
Assets	268,521,436	296,818,246
Liabilities	5,052,113	4,142,774
<b>Total non-current net assets</b>	<b>263,469,323</b>	<b>292,675,472</b>
<b>Net assets</b>	<b>692,742,815</b>	<b>776,632,352</b>

**Major Cineplex Group Public Company Limited**  
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**12 Investments in subsidiaries, associates and interest in joint ventures (Cont'd)**

**c) Principal subsidiaries (Cont'd)**

**Summarised statement of comprehensive income**

	<b>Unit: Baht</b>	
	<b>MPIC</b>	
	<b>2016</b>	<b>2015</b>
Revenue	491,721,587	541,427,647
Loss before income tax	(80,065,527)	(96,468,259)
Income tax expense	(5,246,022)	(6,589,801)
Post-tax loss from continuing operations	(85,311,549)	(103,058,060)
Other comprehensive (loss) income	(44,747)	469,011
Total comprehensive loss	(85,356,296)	(102,589,049)
Total comprehensive loss allocated to non-controlling interests	(2,327,121)	(7,508,995)

**Summarised statement of cash flows**

	<b>Unit: Baht</b>	
	<b>MPIC</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash flow from operating activities</b>		
Cash generated from operations	132,871,834	262,057,804
Interest received	518,961	5,474,168
Interest paid	(2,623,537)	(566,503)
Income tax received	29,133,639	16,442,407
Income tax paid	(16,056,453)	(15,340,247)
Net cash generated from operating activities	143,844,444	268,067,629
Net cash used in investing activities	(197,571,419)	(221,083,262)
Net cash from (used in) financing activities	97,234,433	(40,234,832)
<b>Net increase in cash and cash equivalents</b>	43,507,458	6,749,535
Cash and cash equivalents at beginning of year	89,719,895	82,970,360
Cash and cash equivalents at end of year	133,227,353	89,719,895

The information above is the amount before inter-company eliminations.

**Major Cineplex Group Public Company Limited**  
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**13 Property, plant and equipment**

	Consolidated financial statements						Unit: Baht	
	Land	Building and building improvement	Cinema and cinema improvement	Utility system	Tool, equipment and fixtures	Office equipment	Vehicle	Construction in progress
<b>As at 1 January 2015</b>								
Cost	208,316,998	1,847,134,305	3,595,902,957	1,340,630,689	5,644,015,956	400,325,707	21,202,540	13,218,194,955
Less Accumulated depreciation	-	(783,543,554)	(1,794,002,818)	(646,759,129)	(2,940,436,625)	(269,675,242)	(15,017,401)	(6,409,434,769)
Allowance for impairment	-	-	-	-	(77,599,048)	(669,714)	-	(78,268,762)
Net book value	208,316,998	1,063,590,751	1,841,900,139	693,871,560	2,625,980,283	129,980,751	6,185,139	6,730,491,424
<b>For the year ended 31 December 2015</b>								
Opening net book value	208,316,998	1,063,590,751	1,841,900,139	693,871,560	2,625,980,283	129,980,751	6,185,139	6,730,491,424
Exchange differences	-	-	4,468,967	-	1,110,046	164,771	-	5,743,784
Acquisition of subsidiary	-	-	-	-	7,500,230	17,988	-	7,518,218
Additions	-	605,835	235,719,740	124,524,149	441,218,680	38,447,962	3,390,000	653,554,338
Transfer	-	(1,492)	232,931,600	53,566,097	400,938,023	57,310,171	-	(744,744,399)
Disposals, net	-	(2)	(556,778)	(4)	(4,874,466)	(155,289)	(174,425)	-
Write-off, net	-	(100,228)	(453,863)	(2,759,016)	(9,874,075)	-	-	(5,760,964)
Depreciation charge	-	(93,082,601)	(192,531,446)	(75,034,130)	(410,293,479)	(84,630,916)	(2,767,253)	(13,187,182)
Impairment charge (reversal), net	-	-	-	(2,873,459)	(3,226,503)	87,578	-	(858,339,825)
Closing net book value	208,316,998	971,012,263	2,121,478,359	791,295,197	3,048,478,739	141,223,016	6,633,461	7,357,913,775
<b>As at 31 December 2015</b>								
Cost	208,316,998	1,847,430,085	4,054,889,377	1,506,025,331	6,369,745,115	482,962,085	22,465,758	14,561,310,491
Less Accumulated depreciation	-	(876,417,822)	(1,933,411,018)	(711,856,675)	(3,240,152,717)	(341,445,040)	(15,832,297)	(7,119,115,569)
Allowance for impairment	-	-	-	(2,873,459)	(81,113,659)	(294,029)	-	(84,281,147)
Net book value	208,316,998	971,012,263	2,121,478,359	791,295,197	3,048,478,739	141,223,016	6,633,461	7,357,913,775

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**13 Property, plant and equipment (Cont'd)**

	Consolidated financial statements						Unit: Baht	
	Land	Building and building improvement	Cinema and cinema improvement	Utility system	Tool, equipment and fixtures	Office equipment	Vehicle	Construction in progress
<b>For the year ended 31 December 2016</b>								
Opening net book value	208,316,998	971,012,263	2,121,478,359	791,295,197	3,048,478,739	141,223,016	6,633,461	69,475,742
Exchange differences	-	-	(1,098,952)	(194,001)	(205,589)	(116,717)	(153)	-
Acquisition of subsidiary (Note 35)	-	-	60,296,598	19,418,486	409,807	669,747	-	-
Additions	-	3,607,486	173,710,452	107,117,163	351,063,024	71,224,886	5,122,941	512,684,476
Transfer	-	2,967,650	165,577,877	34,920,673	223,335,615	35,945,715	-	(462,747,530)
Disposals, net	-	(43,676)	(1,225,144)	(61,150)	(10,711,998)	(361,903)	-	-
Write-off, net	-	(1,261,366)	(13,652,375)	(3,497,444)	(25,886,737)	(64,786)	-	-
Depreciation charge	-	(93,844,586)	(232,530,620)	(91,000,864)	(472,224,275)	(90,192,980)	(3,036,684)	-
Reclassification	-	-	-	-	109,999	(109,999)	-	-
Impairment charge, net	-	-	-	(3,584,237)	(27,228,844)	(8,326)	-	-
Closing net book value	208,316,998	882,437,771	2,272,556,195	854,413,823	3,087,139,741	158,208,653	8,719,565	119,412,688
<b>As at 31 December 2016</b>								
Cost	208,316,998	1,850,508,383	4,424,587,129	1,655,412,716	6,808,350,463	578,053,408	27,588,700	119,412,688
Less: Accumulated depreciation	-	(968,070,612)	(2,152,030,934)	(798,307,783)	(3,621,752,928)	(419,542,776)	(18,869,135)	-
Allowance for impairment	-	-	-	(2,691,110)	(99,457,794)	(301,979)	-	-
Net book value	208,316,998	882,437,771	2,272,556,195	854,413,823	3,087,139,741	158,208,653	8,719,565	119,412,688
								7,591,205,434

**Major Cineplex Group Public Company Limited**  
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**For the year ended 31 December 2016**

**13 Property, plant and equipment (Cont'd)**

	Separate financial statements						Unit: Baht
	Land	Building, cinema and cinema improvement	Utility system	Tool, equipment and fixtures	Office equipment	Vehicle	
<b>As at 1 January 2015</b>							
Cost	173,406,998	2,516,958,000	568,118,379	2,418,048,739	254,285,762	13,054,629	6,067,549,686
Less Accumulated depreciation	-	(1,073,281,171)	(176,242,941)	(1,071,595,837)	(155,485,837)	(8,214,692)	(2,484,820,478)
Allowance for impairment	-	-	-	(70,207,427)	-	-	(70,207,427)
Net book value	173,406,998	1,443,676,829	391,875,438	1,276,245,475	98,799,925	4,839,937	3,512,521,781
<b>For the year ended 31 December 2015</b>							
Opening net book value	173,406,998	1,443,676,829	391,875,438	1,276,245,475	98,799,925	4,839,937	3,512,521,781
Additions	-	172,155,536	91,788,404	311,671,897	22,881,708	-	1,137,796,111
Transfer	-	198,016,889	46,344,847	329,142,853	45,902,817	-	(619,407,406)
Disposals, net	-	(548,593)	(2)	(941,982)	(106,801)	(1)	(1,597,379)
Write-off, net	-	(453,863)	-	(14)	-	-	(453,877)
Depreciation charge	-	(151,866,924)	(41,536,399)	(195,795,664)	(63,573,297)	(1,566,359)	(454,338,643)
Closing net book value	173,406,998	1,660,979,874	488,472,288	1,720,322,565	103,904,352	3,273,577	4,193,927,993
<b>As at 31 December 2015</b>							
Cost	173,406,998	2,872,300,116	705,919,931	3,022,224,655	314,568,353	12,642,629	7,144,631,021
Less Accumulated depreciation	-	(1,211,320,242)	(217,447,643)	(1,231,694,663)	(210,664,001)	(9,369,052)	(2,880,495,601)
Allowance for impairment	-	-	-	(70,207,427)	-	-	(70,207,427)
Net book value	173,406,998	1,660,979,874	488,472,288	1,720,322,565	103,904,352	3,273,577	4,193,927,993

**Major Cineplex Group Public Company Limited**  
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**For the year ended 31 December 2016**

**13 Property, plant and equipment (Cont'd)**

	Separate financial statements						Unit: Baht
	Land	Building, cinema and improvement	Utility system	Tool, equipment and fixtures	Office equipment	Vehicle	
For the year ended 31 December 2016							
Opening net book value	173,406,998	1,660,979,874	488,472,288	1,720,322,565	103,904,352	3,273,577	4,193,927,993
Additions	-	100,142,339	84,027,409	247,164,500	31,355,829	5,018,650	871,242,548
Transfer	-	140,861,802	29,393,136	178,493,097	32,997,856	-	(381,745,891)
Disposals, net	-	(983,441)	(6,548)	(2,805,358)	(358,292)	-	(4,153,639)
Write-off, net	-	(14,310,693)	(2,975,219)	(22,796,102)	(65,034)	-	(40,147,048)
Depreciation charge	-	(175,792,319)	(52,225,808)	(251,798,492)	(67,690,524)	(1,823,878)	(549,331,021)
Closing net book value	173,406,998	1,710,897,562	546,685,258	1,868,580,210	100,144,187	6,468,349	4,471,538,833
As at 31 December 2016							
Cost	173,406,998	3,082,563,240	815,656,938	3,378,908,142	373,363,123	17,661,279	7,906,915,989
Less Accumulated depreciation	-	(1,371,665,678)	(268,971,680)	(1,444,357,651)	(273,218,936)	(11,192,930)	(3,369,406,875)
Allowance for impairment	-	-	-	(65,970,281)	-	-	(65,970,281)
Net book value	173,406,998	1,710,897,562	546,685,258	1,868,580,210	100,144,187	6,468,349	4,471,538,833

**Major Cineplex Group Public Company Limited**  
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**For the year ended 31 December 2016**

**13 Property, plant and equipment (Cont'd)**

**Classification of depreciation**

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Costs of providing services	727.01	632.99	374.53	309.20
Administrative expense	255.82	225.35	174.80	145.14
<b>Total depreciation</b>	<b>982.83</b>	<b>858.34</b>	<b>549.33</b>	<b>454.34</b>

During 2016, the subsidiary has sold utilities equipment and leased certain property and buildings to Major Cineplex Lifestyle Property Fund for the lease period of 20 years 6 months, with the lease of one particular building can be extended for another 30 years. The net book value of the disposed assets is Baht 0.04 million. The subsidiary has received cash amounting to Baht 16.40 million including deferred rental and deposits of Baht 3.50 million. As a result of disposal, The Group recognized gain of Baht 8.62 million (after elimination of inter-company deferred profit of Baht 4.24 million, Note 12 (a))

As at 31 December 2016, the land and buildings with the net book value of 37.03 million (2015: Baht 37.84 million) have been pledged under the land and building long-term lease agreement. According to the agreement, the Group is unable to sell, lease or use these assets as collateral to other parties. In addition, properties with the net book value of Baht 62.29 million are pledged as collateral for bank borrowings facility (Note 20).

During 2016, an impairment charge of Baht 30.82 million for utility system, tool, equipment and fixture and office equipment was provided as a result of the lower of recoverable amount than carrying value. The recoverable amount was determined at the cash-generating unit level being the branch locations. The recoverable amount represents value in use of assets.

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost - capitalised finance leases	605,589,382	605,589,382	19,231,683	19,231,683
<u>Less</u> Accumulated depreciation	<u>(403,173,227)</u>	<u>(324,186,780)</u>	<u>(5,502,526)</u>	<u>(4,860,127)</u>
<b>Net book amount</b>	<b>202,416,155</b>	<b>281,402,602</b>	<b>13,729,157</b>	<b>14,371,556</b>

**Major Cineplex Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2016**

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**14 Goodwill**

	<b>Unit: Baht</b>	
	<b>Consolidated financial statements</b>	
	<b>2016</b>	<b>2015</b>
<b>As at 1 January</b>		
Cost	337,065,399	342,112,936
<u>Less</u> Allowance for impairment	(98,736,589)	(58,752,212)
Net book value	<u>238,328,810</u>	<u>283,360,724</u>
<b>For the years ended 31 December</b>		
Opening net book value	238,328,810	283,360,724
Impairment charge (Note 29)	(32,948,094)	(45,031,914)
Closing net book value	<u>205,380,716</u>	<u>238,328,810</u>
<b>As at 31 December</b>		
Cost	337,065,399	337,065,399
<u>Less</u> Allowance for impairment	(131,684,683)	(98,736,589)
Net book value	<u>205,380,716</u>	<u>238,328,810</u>

The carrying amount of the goodwill has been reduced to reflect the recoverable amount of the cash - generating units. The impairment loss has been included in income statement.

**Major Cineplex Group Public Company Limited**  
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**For the year ended 31 December 2016**

**14 Goodwill (Cont'd)**

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

	Consolidated financial statements					Unit : Baht
	Cinema business	Advertising business	Bowing and Karaoke business	Rental and services business	Movie content business	Total
<b>Goodwill allocation</b>						
<b>For the year ended 31 December 2015</b>						
Cost	20,159,523	-	1,327,239	52,746,610	262,832,027	337,065,399
Less Allowance for impairment	-	-	(1,327,239)	-	(97,409,350)	(98,736,589)
Net book value	20,159,523	-	-	52,746,610	165,422,677	238,328,810
<b>For the year ended 31 December 2016</b>						
Cost	20,159,523	-	1,327,239	52,746,610	262,832,027	337,065,399
Less Allowance for impairment	(2,991,576)	-	(1,327,239)	(29,956,518)	(97,409,350)	(131,684,683)
Net book value	17,167,947	-	-	22,790,092	165,422,677	205,380,716

**Major Cineplex Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2016**

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**14 Goodwill (Cont'd)**

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

Key assumptions used in the recoverable amount assessment include:

	<b>Cinema business</b>	<b>Rental and services business</b>	<b>Movie content business</b>
Gross margin <sup>1</sup> (%)	28.93%	22.19%	42.64%
Growth rate <sup>2</sup> (%)	1.28%	5.00%	1.28%
Discount rate <sup>3</sup> (%)	8.20%	9.50%	6.00%
Recoverable amount of the CGU (million baht)	4,166	1,576	722

<sup>1</sup> Budgeted gross margin.

<sup>2</sup> Weighted average growth rate used to extrapolate cash flows beyond the budget period.

<sup>3</sup> Pre-tax discount rate applied to the cash flow projections.

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

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

During the year 2016, the Group recognised impairment loss on goodwill of a subsidiary which was primarily due to the significant decrease in projected revenue arising from external factors as well as market situation and trend.

**Major Cineplex Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2016**

**15 Intangible assets**

	Consolidated financial statements			Unit: Baht
	Separate financial statements			
	Film rights	Computer program	Total	Computer program
<b>As at 1 January 2015</b>				
Cost	3,931,343,845	122,882,434	4,054,226,279	104,317,804
<u>Less</u> Accumulated amortisation	(3,680,927,154)	(65,809,916)	(3,746,737,070)	(58,073,304)
Allowance for impairment	(97,072,837)	(1,316,009)	(98,388,846)	-
Net book value	153,343,854	55,756,509	209,100,363	46,244,500
<b>For the year ended 31 December 2015</b>				
Opening net book value	153,343,854	55,756,509	209,100,363	46,244,500
Exchange differences	-	316,602	316,602	-
Additions	213,891,242	24,362,557	238,253,799	21,789,173
Write-off assets, net	(3,665,200)	-	(3,665,200)	-
Amortisation	(308,411,781)	(20,410,473)	(328,822,254)	(18,262,565)
Impairment charge	16,767,305	-	16,767,305	-
Closing net book value	71,925,420	60,025,195	131,950,615	49,771,108
<b>As at 31 December 2015</b>				
Cost	4,141,569,887	147,599,765	4,289,169,652	126,106,977
<u>Less</u> Accumulated amortisation	(3,989,338,936)	(86,258,561)	(4,075,597,497)	(76,335,869)
Allowance for impairment	(80,305,531)	(1,316,009)	(81,621,540)	-
Net book value	71,925,420	60,025,195	131,950,615	49,771,108
<b>For the year ended 31 December 2016</b>				
Opening net book value	71,925,420	60,025,195	131,950,615	49,771,108
Exchange differences	-	25,492	25,492	-
Acquisition of subsidiary (Note35)	-	612,211	612,211	-
Additions	170,964,246	25,837,708	196,801,954	22,589,340
Disposals, net	-	(6,652)	(6,652)	(2,857,220)
Write-off assets, net	(695,433)	(644,782)	(1,340,215)	(1,385)
Amortisation	(158,588,334)	(30,677,823)	(189,266,157)	(24,570,331)
Impairment charge	(17,986,500)	-	(17,986,500)	-
Closing net book value	65,619,399	55,171,349	120,790,748	44,931,512
<b>At 31 December 2016</b>				
Cost	1,493,693,189	168,193,581	1,661,886,770	140,360,692
<u>Less</u> Accumulated amortisation	(1,380,121,236)	(111,875,988)	(1,491,997,224)	(95,429,180)
Allowance for impairment	(47,952,554)	(1,146,244)	(49,098,798)	-
Net book value	65,619,399	55,171,349	120,790,748	44,931,512
				Unit: Million Baht
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Classification of amortisation				
Cost of sales	158.66	308.41	-	-
Administrative expenses	30.68	20.41	24.57	18.26
Total amortisation	189.34	328.82	24.57	18.26

**Major Cineplex Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2016**

**16 Deferred income tax assets and liabilities**

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Deferred tax assets:</b>				
Deferred tax asset to be recovered within 12 months	26,320,233	24,738,074	3,287,767	2,827,384
Deferred tax asset to be recovered after more than 12 months	106,594,234	97,549,249	61,882,887	31,411,070
	<u>132,914,467</u>	<u>122,287,323</u>	<u>65,170,654</u>	<u>34,238,454</u>
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be settled within 12 months	(31,238,268)	(34,610,322)	(697,590)	(2,092,307)
Deferred tax liability to be settled after more than 12 months	(370,111,049)	(409,756,171)	(94,162,526)	(119,074,008)
	<u>(401,349,317)</u>	<u>(444,366,493)</u>	<u>(94,860,116)</u>	<u>(121,166,315)</u>
<b>Deferred tax, net</b>	<u>(268,434,850)</u>	<u>(322,079,170)</u>	<u>(29,689,462)</u>	<u>(86,927,861)</u>

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
As at 1 January	(322,079,170)	(308,704,568)	(86,927,861)	(82,187,224)
Debited (Credited) to profit or loss	29,052,995	(10,623,374)	32,647,074	(1,584,069)
Tax charged directly to equity	24,591,325	(2,751,228)	24,591,325	(3,156,568)
As at 31 December	<u>(268,434,850)</u>	<u>(322,079,170)</u>	<u>(29,689,462)</u>	<u>(86,927,861)</u>

**Major Cineplex Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2016**

**16 Deferred income taxes (Cont'd)**

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

	<b>Consolidated financial statements</b>			<b>Unit: Baht</b>
	<b>As at 1 January 2015</b>	<b>(Charged) credited to profit or loss</b>	<b>Charged directly to equity</b>	<b>As at 31 December 2015</b>
<b>Deferred tax assets</b>				
Impairment loss of investment	600,000	3,700,000	-	4,300,000
Amortisation of film right	18,995,739	(9,467,207)	-	9,528,532
Depreciation	516,825	1,180,988	-	1,697,813
Impairment loss of assets	15,514,953	(8,435,307)	-	7,079,646
Fixed assets under				
finance lease contracts	28,737,065	(4,840,399)	-	23,896,666
Prepaid rents	373,204	(24,567)	-	348,637
Finance lease liabilities	64,402,138	(13,876,764)	-	50,525,374
Employee benefit	4,839,651	542,081	1,486,205	6,867,937
Provision for customers loyalty program	3,953,727	(1,508,349)	-	2,445,378
Subsidy for construction received	12,990,091	2,607,249	-	15,597,340
<b>Total</b>	<b>150,923,393</b>	<b>(30,122,275)</b>	<b>1,486,205</b>	<b>122,287,323</b>
<b>Deferred tax liabilities</b>				
Available-for-sale investment	(101,212,615)	-	(4,237,433)	(105,450,048)
Investment in associates and				
joint ventures	(32,783,179)	(12,159,194)	-	(44,942,373)
Amortisation	(1,315,149)	(81,501)	-	(1,396,650)
Finance lease receivables	(2,545,545)	20,042	-	(2,525,503)
Depreciation	(113,121,150)	19,073,726	-	(94,047,424)
Prepaid rental and services income	(208,650,323)	12,645,828	-	(196,004,495)
<b>Total</b>	<b>(459,627,961)</b>	<b>19,498,901</b>	<b>(4,237,433)</b>	<b>(444,366,493)</b>
<b>Deferred tax, net</b>	<b>(308,704,568)</b>	<b>(10,623,374)</b>	<b>(2,751,228)</b>	<b>(322,079,170)</b>

**Major Cineplex Group Public Company Limited**  
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**16 Deferred income taxes (Cont'd)**

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

	<b>Consolidated financial statements</b>			<b>Unit: Baht</b>
	<b>As at 1 January 2016</b>	<b>(Charged) credited to profit or loss</b>	<b>Charged directly to equity</b>	<b>As at 31 December 2016</b>
<b>Deferred tax assets</b>				
Impairment loss of investment	4,300,000	24,170,920	-	28,470,920
Impairment-Inventory	-	1,800,000	-	1,800,000
Amortisation of film right	9,528,532	(5,356,397)	-	4,172,135
Depreciation	1,697,813	4,324,254	-	6,022,067
Impairment loss of assets	7,079,646	(1,076,900)	-	6,002,746
Fixed assets under				
finance lease contracts	23,896,666	(4,809,747)	-	19,086,919
Prepaid rents	348,637	(23,373)	-	325,264
Finance lease liabilities	50,525,374	(14,687,391)	-	35,837,983
Employee benefit	6,867,937	906,499	-	7,774,436
Provision for customers loyalty program	2,445,378	(342,104)	-	2,103,274
Subsidy for construction received	15,597,340	5,721,383	-	21,318,723
<b>Total</b>	<b>122,287,323</b>	<b>10,627,144</b>	<b>-</b>	<b>132,914,467</b>
<b>Deferred tax liabilities</b>				
Available-for-sale investment	(105,450,048)	-	24,591,325	(80,858,723)
Investment in associates and				
joint ventures	(44,942,373)	(7,566,225)	-	(52,508,598)
Amortisation	(1,396,650)	368,387	-	(1,028,263)
Finance lease receivables	(2,525,503)	168,420	-	(2,357,083)
Depreciation	(94,047,424)	15,445,688	-	(78,601,736)
Prepaid rental and services income	(196,004,495)	10,009,581	-	(185,994,914)
<b>Total</b>	<b>(444,366,493)</b>	<b>18,425,851</b>	<b>24,591,325</b>	<b>(401,349,317)</b>
<b>Deferred tax, net</b>	<b>(322,079,170)</b>	<b>29,052,995</b>	<b>24,591,325</b>	<b>(268,434,850)</b>

**Major Cineplex Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2016**

**16 Deferred income taxes (Cont'd)**

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

Unit: Baht			
Separate financial statements			
	As at 1 January 2015	(Charged) credited to profit or loss	Charged directly to Equity
			As at 31 December 2015
<b>Deferred tax assets</b>			
Impairment loss of investment	600,000	(300,000)	-
Depreciation	513,060	(127,860)	-
Provision for impairment of assets	14,041,485	(7,743,567)	-
Finance lease liabilities	4,164,420	22,554	-
Employee benefit	3,611,527	333,252	1,080,865
Provision for customers loyalty program	3,953,727	(1,508,349)	-
Subsidy for construction received	12,990,091	2,607,249	-
<b>Total</b>	<b>39,874,310</b>	<b>(6,716,721)</b>	<b>1,080,865</b>
			<b>34,238,454</b>
<b>Deferred tax liabilities</b>			
Available-for-sale investment	(101,212,615)	-	(4,237,433)
Amortisation	(980,295)	(48,862)	-
Depreciation	(19,868,624)	5,181,514	-
<b>Total</b>	<b>(122,061,534)</b>	<b>5,132,652</b>	<b>(4,237,433)</b>
			<b>(121,166,315)</b>
<b>Deferred tax, net</b>	<b>(82,187,224)</b>	<b>(1,584,069)</b>	<b>(3,156,568)</b>
			<b>(86,927,861)</b>

Unit: Baht			
Separate financial statements			
	As at 1 January 2016	(Charged) credited to profit or loss	Charged directly to Equity
			As at 31 December 2016
<b>Deferred tax assets</b>			
Impairment loss of investment	300,000	24,170,920	-
Impairment-Inventory	-	1,800,000	-
Depreciation	385,200	(128,209)	-
Provision for impairment of assets	6,297,918	(902,104)	-
Finance lease liabilities	4,186,974	28,772	-
Employee benefit	5,025,644	583,542	-
Provision for customers loyalty program	2,445,378	(342,104)	-
Subsidy for construction received	15,597,340	5,721,383	-
<b>Total</b>	<b>34,238,454</b>	<b>30,932,200</b>	<b>-</b>
			<b>65,170,654</b>
<b>Deferred tax liabilities</b>			
Available-for-sale investment	(105,450,048)	-	24,591,325
Amortisation	(1,029,157)	459,697	-
Depreciation	(14,687,110)	1,255,177	-
<b>Total</b>	<b>(121,166,315)</b>	<b>1,714,874</b>	<b>24,591,325</b>
			<b>(94,860,116)</b>
<b>Deferred tax, net</b>	<b>(86,927,861)</b>	<b>32,647,074</b>	<b>24,591,325</b>
			<b>(29,689,462)</b>

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**16 Deferred income taxes (Cont'd)**

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax assets	9,066,047	14,255,518	-	-
Deferred tax liabilities	(277,500,897)	(336,334,688)	(29,689,462)	(86,927,861)
Deferred tax, net	(268,434,850)	(322,079,170)	(29,689,462)	(86,927,861)

**17 Prepaid rents**

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current portion	44,665,434	40,777,104	19,978,111	16,095,758
Long-term portion	609,467,930	539,850,485	355,558,616	261,332,688
Total prepaid rents	654,133,364	580,627,589	375,536,727	277,428,446

As at 31 December 2016, leasehold rights of the Group with the net book value of Baht 18.00 million (2015: Baht 19.20 million) are pledged as collateral for bank borrowings (Note 20).

**18 Other non-current assets**

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deposits	260,689,724	267,701,421	171,861,313	168,352,621
Others	7,389,890	72,751,292	7,389,890	72,751,293
	268,079,614	340,452,713	179,251,203	241,103,914

**19 Trade account and other payables**

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade account payables	582,074,839	685,703,368	430,509,100	479,136,759
Amounts due to related parties (Note 36)	23,211,641	22,313,972	26,645,397	27,547,944
Other payables	395,678,542	397,628,728	259,718,277	282,315,342
Accrued expenses	410,431,776	359,058,870	208,796,810	188,355,609
Rental and service incomes received in advance	349,842,664	443,192,728	272,144,786	304,420,989
Trade account and other payables	1,761,239,462	1,907,897,666	1,197,814,370	1,281,776,643

Rental and service incomes received in advance included cash advanced from customers amounting to Baht 55.20 million (2015: Baht 74.62 million), which received from selling of cash cards, being deposited at banks. In order to comply with the Notification of the Bank of Thailand applicable to the electronic card business, the balance of the deposit has to be maintained at the outstanding value of the cash cards on hands of the customers as the minimum.

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**20 Borrowings**

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Current</b>				
Bank overdrafts	1,929,940	9,504,621	-	-
Short-term loans from financial institutions	3,136,055,974	2,455,477,440	3,031,055,974	2,455,477,440
Total bank overdrafts and short-term loans from financial institutions	3,137,985,914	2,464,982,061	3,031,055,974	2,455,477,440
Current portion of long-term borrowings:				
- Finance lease liabilities	85,408,236	81,021,009	1,632,360	1,542,387
- Bank borrowings	252,000,000	20,000,000	252,000,000	20,000,000
- Debentures	1,000,000,000	800,000,000	1,000,000,000	800,000,000
Total current portion of long-term borrowings	1,337,408,236	901,021,009	1,253,632,360	821,542,387
<b>Non-current portion of long-term borrowings</b>				
- Finance lease liabilities	204,914,342	287,177,012	21,132,671	19,403,094
- Bank borrowings	559,000,000	-	559,000,000	-
- Debentures	-	1,000,000,000	-	1,000,000,000
Total non-current portion of long-term borrowings	763,914,342	1,287,177,012	580,132,671	1,019,403,094
Total borrowings	5,239,308,492	4,653,180,082	4,864,821,005	4,296,422,921

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Borrowings:				
- Fixed rates	4,947,055,974	4,275,477,440	4,842,055,974	4,275,477,440
- Floating rates	1,929,940	9,504,621	-	-
	4,948,985,914	4,284,982,061	4,842,055,974	4,275,477,440

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**20 Borrowings (Cont'd)**

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

				Unit: Baht
Consolidated financial statements				
	6 months or less	6 - 12 months	1 - 5 years	Total
As at 31 December 2015:				
Total borrowings	3,275,477,440	-	1,000,000,000	4,275,477,440
As at 31 December 2016:				
Total borrowings	3,262,055,974	1,126,000,000	559,000,000	4,947,055,974

				Unit: Baht
Separate financial statements				
	6 months or less	6 - 12 months	1 - 5 years	Total
As at 31 December 2015:				
Total borrowings	3,275,477,440	-	1,000,000,000	4,275,477,440
As at 31 December 2016:				
Total borrowings	3,157,055,974	1,126,000,000	559,000,000	4,842,055,974

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
- Bank overdrafts	7.37 - 7.68	7.37 - 8.25	7.68 - 7.68	7.37 - 8.25
- Bank borrowings	1.90 - 3.04	2.05 - 4.60	1.90 - 3.04	2.05 - 4.60
- Debentures	4.60 - 4.60	3.54 - 4.60	4.60 - 4.60	3.54 - 4.60

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**20 Borrowings (Cont'd)**

The carrying amounts and fair values of certain long-term borrowings are as follows:

		Unit: Baht			
		Consolidated financial statements			
		Carrying amounts		Fair values	
		2016	2015	2016	2015
Long-term bank borrowings		559,000,000	-	739,384,970	-
Debentures		-	1,000,000,000	1,013,700,000	1,040,484,370
		<u>559,000,000</u>	<u>1,000,000,000</u>	<u>1,753,084,970</u>	<u>1,040,484,370</u>
		Unit: Baht			
		Separate financial statements			
		Carrying amounts		Fair values	
		2016	2015	2016	2015
Long-term bank borrowings		559,000,000	-	739,384,970	-
Debentures		-	1,000,000,000	1,013,700,000	1,040,484,370
		<u>559,000,000</u>	<u>1,000,000,000</u>	<u>1,753,084,970</u>	<u>1,040,484,370</u>

The fair value of current borrowings equal their carrying amount, as the impact of discounting is not significant.

The fair values of debentures are based on their market price in Thai Bond Market Association as of the date of statement of financial position and are within level 2 of the fair value hierarchy.

Finance lease liabilities

Finance lease liabilities-minimum lease payments are as follows:

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Not later than 1 year		92,442,716	92,351,308	1,632,360	1,542,387
Later than 1 year but not later than 5 years		192,696,285	283,245,401	7,055,135	6,821,207
Later than 5 years		42,151,869	44,339,024	40,243,701	42,109,989
		<u>327,290,870</u>	<u>419,935,733</u>	<u>48,931,196</u>	<u>50,473,583</u>
<u>Less</u> Future finance charges on finance leases		<u>(36,968,292)</u>	<u>(51,737,712)</u>	<u>(26,166,165)</u>	<u>(29,528,102)</u>
Present value of finance lease liabilities		<u>290,322,578</u>	<u>368,198,021</u>	<u>22,765,031</u>	<u>20,945,481</u>

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**20 Borrowings (Cont'd)**

The present value of finance lease liabilities is as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Not later than 1 year	85,408,236	81,021,009	1,632,360	1,542,387
Later than 1 year	204,914,342	287,177,012	21,132,671	19,403,094
	<u>290,322,578</u>	<u>368,198,021</u>	<u>22,765,031</u>	<u>20,945,481</u>

Bank borrowings

The movements in bank borrowings from financial institution can be analysed as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Opening balance	20,000,000	60,000,000	20,000,000	60,000,000
Additions	1,000,000,000	-	1,000,000,000	-
Repayments	(209,000,000)	(40,000,000)	(209,000,000)	(40,000,000)
Closing balance	<u>811,000,000</u>	<u>20,000,000</u>	<u>811,000,000</u>	<u>20,000,000</u>
Maturity of bank borrowings is as follows:				
Within 1 year	252,000,000	20,000,000	252,000,000	20,000,000
Between 1 year and 2 years	504,000,000	-	504,000,000	-
Between 2 years and 5 years	55,000,000	-	55,000,000	-
	<u>811,000,000</u>	<u>20,000,000</u>	<u>811,000,000</u>	<u>20,000,000</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 1.90% to 3.04% per annum (2015: 2.05% to 4.60% per annum).

Long-term bank borrowings bear interest at the rates ranging 3.04% to 4.60% per annum (2015: 4.60% per annum) and are secured by the pledge of leasehold rights (Note 17).

Debentures

	Unit: Baht	
	Consolidated financial statements	Separate financial statements
Opening amount	1,800,000,000	1,800,000,000
Repayment of debenture	(800,000,000)	(800,000,000)
Closing amount	<u>1,000,000,000</u>	<u>1,000,000,000</u>

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

Term	Issue date	Maturity date	Debentures Baht Million	Fixed interest rate (%) per annum
5 years	10 August 2012	10 August 2017	1,000	4.60

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

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

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**20 Borrowings (Cont'd)**

Borrowing facilities

As at 31 December 2016, the available credit facilities from financial institutions of the Group and the Company are Baht 6,562.53 million, and Baht 6,098.14 million, respectively, (2015: Baht 4,719.17 million, and Baht 4,136.83 million, respectively). The facilities expiring within 3 years are annual facilities subject to review at various dates during years which will mainly be used for cinema construction and working capital.

**21 Other current liabilities**

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Undue output value added tax	38,034,570	28,502,229	8,602,609	7,554,476
Provision for customers loyalty program	10,516,369	12,226,893	10,516,369	12,226,893
Provision for goods returned	1,945,057	17,381,425	-	-
Others	35,228,877	34,538,735	18,419,139	16,881,376
	<u>85,724,873</u>	<u>92,649,282</u>	<u>37,538,117</u>	<u>36,662,745</u>

**22 Employee benefit obligations**

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Statement of financial position				
Liability in the statement of financial position	<u>41,384,449</u>	<u>36,289,093</u>	<u>28,045,929</u>	<u>25,128,217</u>
Profit or loss charge included in operating profit for:				
Retirement benefits	<u>5,095,356</u>	<u>3,493,968</u>	<u>2,917,712</u>	<u>1,990,782</u>
Remeasurement for:				
Retirement benefits	<u>-</u>	<u>7,598,777</u>	<u>-</u>	<u>5,404,324</u>

**Retirement benefits**

Retirement benefits are final salary retirement plans, which provide benefits to members in the form of a guaranteed level of pension payable. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

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**22 Employee benefit obligations (Cont'd)**

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
As at 1 January	36,289,093	25,656,872	25,128,217	18,057,635
Current service cost	4,070,216	2,588,777	2,205,074	1,392,005
Interest expense	1,025,140	905,191	712,638	598,777
Benefit paid	-	(460,524)	-	(324,524)
	<u>41,384,449</u>	<u>28,690,316</u>	<u>28,045,929</u>	<u>19,723,893</u>
Remeasurements:				
Loss from change in demographic assumptions	-	396,013	-	256,204
Loss from change in financial assumptions	-	3,370,811	-	2,234,346
Experience loss	-	3,831,953	-	2,913,774
	<u>-</u>	<u>7,598,777</u>	<u>-</u>	<u>5,404,324</u>
As at 31 December	<u>41,384,449</u>	<u>36,289,093</u>	<u>28,045,929</u>	<u>25,128,217</u>

The principal actuarial assumptions used were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	%	%	%	%
Discount rate	2.80	2.80	2.80	2.80
Inflation rate	3.00	3.00	3.00	3.00
Salary growth rate	3.00 - 9.00	3.00 - 9.00	3.00 - 9.00	3.00 - 9.00

	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2016	2015	2016	2015	2016	2015
Discount rate	1%	1%	Decrease by 8%	Decrease by 7%	Increase by 9%	Increase by 8%
Salary growth rate	1%	1%	Increase by 10%	Increase by 8%	Decrease by 9%	Decrease by 7%
Turnover rate	20%	20%	Decrease by 16%	Decrease by 13%	Increase by 24%	Increase by 19%
Mortality improvement rates	1%	1%	Decrease by 0%	Decrease by 0%	Decrease by 0%	Decrease by 0%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Through its defined benefit retirement benefit plans the Group is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields	A decrease in Government bond yields will increase plan liabilities.
Inflation risk	The some of the Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities.

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**22 Employee benefit obligations (Cont'd)**

Expected maturity analysis of undiscounted retirement and post-employment medical benefits:

	<b>Consolidated financial statements</b>				<b>Total Baht</b>
	<b>Less than a year Baht</b>	<b>Between 1 - 2 years Baht</b>	<b>Between 2 - 5 years Baht</b>	<b>Over 5 years Baht</b>	
At 31 December 2016					
Retirement benefits	600,363	3,745,732	7,485,715	83,182,447	95,014,257
	<b>Separate financial statements</b>				<b>Total Baht</b>
	<b>Less than a year Baht</b>	<b>Between 1 - 2 years Baht</b>	<b>Between 2 - 5 years Baht</b>	<b>Over 5 years Baht</b>	
At 31 December 2016					
Retirement benefits	182,899	2,965,445	4,965,132	50,822,068	58,935,544

**23 Other non-current liabilities**

	<b>Unit: Baht</b>			
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Deposit received	252,339,585	233,827,906	27,080,001	26,767,311
Rental and services income received in advance	121,605,127	144,703,421	-	-
Subsidy for construction received	130,483,144	79,532,989	108,205,802	79,532,989
	<u>504,427,856</u>	<u>458,064,316</u>	<u>135,285,803</u>	<u>106,300,300</u>

During 2016, the Company received subsidy for construction from the lessors amounting to Baht 34.93 million and Baht 57.08 million in consolidated and separate financial statements, respectively (2015: Baht 17.00 million consolidated and separate financial statements, respectively). The subsidy is recognised as a discount to rental over the lease periods.

**24 Share capital and premium on share capital**

	<b>Authorised number of shares</b>	<b>Issued and fully paid-up</b>		
		<b>Number of shares</b>	<b>Ordinary shares Baht</b>	<b>Share premium Baht</b>
<b>As at 1 January 2015</b>	896,266,347	890,058,836	890,058,836	3,967,547,875
Issuance of shares				
- Exercised warrant - ESOP-W4	-	2,460,822	2,460,822	47,292,239
<b>As at 31 December 2015</b>	896,266,347	892,519,658	892,519,658	4,014,840,114
Issuance of shares				
- Exercised warrant - ESOP-W4	-	2,013,719	2,013,719	38,223,736
<b>As at 31 December 2016</b>	<u>896,266,347</u>	<u>894,533,377</u>	<u>894,533,377</u>	<u>4,053,063,850</u>

The total authorised number of ordinary shares is 896,266,347 shares (2015: 896,266,347 shares) with a par value of Baht 1 per share (2015: Baht 1 per share). The issued and fully paid-up ordinary shares is 894,533,377 shares (2015: 892,519,658 shares).

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**24 Share capital and premium on share capital (Cont'd)**

During 2016, 40,500 options were exercised under Employee share option scheme with exercise ratio 1:1.051 and 1,837,052 options were exercised with exercise ratio 1:1.073, respectively resulted in 2,013,719 shares being issued (2015: 206,500 options were exercised with exercise ratio 1:1.033 resulted in 2,138,448 shares), with exercise price of Baht 14.687 and 14.385, respectively, totaling proceeds of Baht 28.98 million (2015: Baht 14.948 and Baht 14.687, respectively, totaling proceeds of Baht 36.20 million). The related weighted average price at the time of exercise was Baht 30.684 per share (2015: Baht 31.637 per share).

During 2015, 250,088 options of a subsidiary were exercised with exercise ratio 1: 1.29 share resulted in 321,861 shares being issued, with exercise price of Baht 1.235 totaling proceeds of Baht 0.40 million. The related weighted average price at the time of exercise was Baht 1.86 per share.

**Share premium - Treasury share**

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

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

**25 Share-based payment - Warrants**

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

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

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

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

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

	Modification date	Issued units Million	Exercise Ratio unit/share	Exercise price Baht/unit
ESOP-W4	28 February 2013	8.57	1.017	15.182
ESOP-W4	10 April 2014	8.57	1.033	14.948
ESOP-W4	10 April 2015	8.57	1.051	14.687
ESOP-W4	11 April 2016	8.57	1.073	14.385

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**25 Share-based payment - Warrants (Cont'd)**

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

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

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

	Grant date	Issued units Million	Exercise ratio Unit/share	Exercise price Baht/unit	Exercise period	
					Start	End
ESOP-W1	24 April 2012	4.42	1: 1.00	1.59	30 June 2014	23 April 2017
ESOP-W2	24 April 2015	13.00	1: 1.00	1.84	30 June 2017	23 April 2020

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

	Modification date	Issued units Million	Exercise Ratio unit/share	Exercise price Baht/unit
ESOP-W1	28 July 2014	4.42	1.290	1.240

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

	Consolidated financial statements		Separate financial statements	
	Average exercise price Baht per share	Option	Average exercise price Baht per share	Option
<b>As at 1 January 2015</b>		6,439,550		4,464,500
Granted				
by the subsidiary ESOP - W2	1.84	12,998,000		-
Forfeited				
by the subsidiary ESOP - W1		(333,450)		-
by the subsidiary ESOP - W2		(2,079,680)		-
by the subsidiary ESOP - W4		(87,000)		(87,000)
Exercise of warrants				
by the Company ESOP - W1	1.235	(250,088)		-
by the Company ESOP - W4	14.752	(2,344,948)	14.752	(2,344,948)
<b>As at 31 December 2015</b>		<u>14,342,384</u>		<u>2,032,552</u>
<b>As at 1 January 2016</b>		14,342,384		2,032,552
Forfeited				
by the subsidiary ESOP - W1		(320,625)		
by the subsidiary ESOP - W2		(1,169,820)		
by the subsidiary ESOP - W4		(30,000)		(30,000)
Exercise of warrants				
by the Company ESOP - W4	14.46	(1,877,552)	14.46	(1,877,552)
<b>As at 31 December 2016</b>		<u>10,944,387</u>		<u>125,000</u>

During 2016, warrants of 1,877,552 options have been exercised amount of Baht 28.98 million (Note 24).

During 2015, warrants of 2,595,036 options have been exercised amount of Baht 36.60 million (Note 24).

As at 31 December 2016, the Company and its subsidiary have 125,000 and 10,819,387 outstanding warrants, respectively (2015: the Company and its subsidiary have 2,032,552 and 12,309,832 outstanding warrants respectively).

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**25 Share-based payment - Warrants (Cont'd)**

**25.2 Warrants issued and offered to employees of a subsidiary (ESOP) (Cont'd)**

During 2016, the Company made a dividend payment higher than the dividend rate that met the condition as stipulated in the condition of warrants, resulted to change of the exercise price and exercise ratio. However, the change in condition of warrants was specified in the warrants certificate since grant date, which does not affect the fair value of the warrants.

Condition of warrants	ESOP - W4	ESOP - W1	ESOP - W2
Exercise price (Baht per share)	14.385	1.24	1.84
Exercise ratio (Unit per share)	1 : 1.073	1 : 1.29	1 : 1.00
<b>Variable used in Black - Scholes model</b>			
Fair value of warrant (Baht per option)	5.58 - 6.00	1.17 - 1.34	0.80
Volatility (%)	24.34 - 29.67	39.72 - 63.80	50.45
Dividend yield (%)	4.72 - 5.23	1.23	0.96
Weighted average share price at the grant date (Baht per share)	21.30	2.40	1.82
Expected option life (year)	1.33 - 3.33	0.18 - 1.93	5.00
Risk-free interest rate (%)	2.76 - 2.94	2.00 - 2.38	2.18

Volatility is derived from historical fluctuation of MAJOR and MPIC stock price. Historical period under consideration is based on remaining life of MAJOR-ESOP-W4, MPIC-ESOP-W1 and MPIC-ESOP-W2, given that value of MAJOR-ESOP-W4, MPIC-ESOP-W1 and MPIC-ESOP-W2 will rise when there is high fluctuation of MAJOR and MPIC stock price, respectively.

During 2016, the Group and the Company recognised the value of warrants over the vesting period, the amount of Baht 5.49 million and Baht 4.82 million, respectively, are recognised as an expense in the Consolidated and separate income statements with a corresponding credit to the consolidated and company equity.

**26 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.

**27 Non-controlling interest**

	<b>Unit: Baht</b>	
	<b>Consolidated financial statements</b>	
	<b>2016</b>	<b>2015</b>
Opening balance	67,492,761	55,961,314
Acquisition of investment in subsidiary	5,315,737	-
Dividend	(10,745,990)	-
Exercise of warrant	-	783,579
Share of profit from subsidiaries	18,781,875	10,747,868
Closing balance	<u>80,844,383</u>	<u>67,492,761</u>

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**28 Other operating income**

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Dividend income	1,176,122	947,583	757,823,297	137,664,217
Gains on disposals of investments	376,370,231	237,073,290	379,779,497	249,845,835
Management fee income	51,500,169	52,919,206	67,842,479	68,355,406
Interest income	4,255,967	6,624,192	34,858,646	41,716,366
Gain on exchange rate	26,568,597	27,681,650	25,030,178	26,113,962
Property tax income	22,560,062	22,269,642	2,405,864	2,424,857
Compensation income	46,002,083	8,188,753	46,002,083	6,346,920
Others	50,145,803	28,637,895	9,895,216	9,403,711
	<u>578,579,034</u>	<u>384,342,211</u>	<u>1,323,637,260</u>	<u>541,871,274</u>

**29 Expenses by nature**

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Depreciation of property and equipment (Note 13)	982,830,009	858,339,825	549,331,021	454,338,643
Amortisation of intangible assets				
- Film rights (Note 15)	158,588,334	308,411,781	-	-
- Computer software (Note 15)	30,677,823	20,410,473	24,570,331	18,262,565
Amortisation of prepaid rents	41,579,042	39,121,291	16,891,719	14,439,945
Impairment of goodwill (Note 14)	32,948,094	45,031,914	-	-
Impairment of assets (reversal) (Notes 12, 13 and 15)	48,807,907	(10,754,921)	120,854,600	1,500,000
Repairs and maintenance expenditure	169,714,340	122,117,707	119,571,108	82,375,418
Staff costs	1,075,315,270	955,843,306	644,482,197	548,444,900
Loss from written-off of property, plant, equipment	44,362,708	13,187,182	40,147,048	453,877
Doubtful debts and bad debts	44,261,941	12,439,704	-	-
Loss on diminution in value of inventories (reversal)	(18,409,727)	2,450,000	9,000,000	-
Loss on goods returns (reversal)	15,436,368	(26,976,712)	-	-
Inventory				
- Cost of inventories recognised as expense (included in "Cost of sales")	467,387,165	509,126,040	328,190,556	328,441,606
Loss from cancellation of lease agreement	4,835,384	-	-	-

**Major Cineplex Group Public Company Limited**  
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**30 Finance costs**

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Interest expenses:</b>				
Bank borrowings	74,073,891	62,727,846	71,495,724	62,207,034
Borrowings from subsidiaries and associates	154,258	723,019	45,580,290	45,531,168
Finance lease	12,998,860	17,026,389	1,675,638	1,673,530
Debentures	56,805,118	74,431,509	56,805,118	74,431,509
	<u>144,032,127</u>	<u>154,908,763</u>	<u>175,556,770</u>	<u>183,843,241</u>

**31 Income tax**

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current tax:				
Current tax	265,727,885	289,460,329	121,870,943	151,714,046
Adjustments in respect of prior year	164,333	(24,000)	(1,263,119)	-
<b>Total current tax</b>	<u>265,892,218</u>	<u>289,436,329</u>	<u>120,607,824</u>	<u>151,714,046</u>
Deferred tax:				
Origination and reversal of temporary differences	(29,052,995)	10,623,374	(32,647,074)	1,584,069
<b>Total tax expense</b>	<u>236,839,223</u>	<u>300,059,703</u>	<u>87,960,750</u>	<u>153,298,115</u>

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit before tax	1,443,842,015	1,481,730,056	1,292,827,034	913,940,561
Tax calculated at a tax rate of 20%	288,768,403	296,346,011	258,565,407	182,788,112
Tax effect of:				
Associate and joint ventures results reported net of tax	(43,665,681)	(35,277,360)	-	-
Income not subject to tax	-	-	(151,329,435)	(27,343,327)
Expenses not deductible for tax purpose	16,750,982	8,285,328	781,503	3,053,855
Expense that are deductible at a greater amount from actual expenses	(18,237,574)	(1,288,714)	(18,793,606)	(1,200,525)
Utilisation of previously unrecognised tax losses	(4,949,473)	(4,139,730)	-	-
Tax losses for which no deferred income tax asset was recognised	21,235,425	36,629,996	-	-
Unrealised losses (gain) from intercompany transaction	(23,227,192)	3,528,172	-	-
Adjustment in respect of prior year	164,333	(4,024,000)	(1,263,119)	(4,000,000)
<b>Tax charge</b>	<u>236,839,223</u>	<u>300,059,703</u>	<u>87,960,750</u>	<u>153,298,115</u>

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**32 Earnings per share**

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

The diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: warrants (as detailed in Note 25). A calculation of warrants is made to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrants. The difference is added to the denominator as an issue of ordinary shares for no consideration.

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

	Consolidated financial statements					
	Profit		Weighted average		Earnings	
	Baht		number of shares		per share	
			shares		Baht	
For the years ended 31 December	2016	2015	2016	2015	2016	2015
Basic earnings per share	1,188,220,917	1,170,922,485	893,487,594	891,234,359	1.33	1.31
The effect of dilutive potential shares	-	-	643,782	1,883,467	-	-
Diluted earnings per share	1,188,220,917	1,170,922,485	894,131,376	893,117,826	1.33	1.31

	Separate financial statements					
	Profit		Weighted average		Earnings	
	Baht		number of shares		per share	
			shares		Baht	
For the years ended 31 December	2016	2015	2016	2015	2016	2015
Basic earnings per share	1,204,866,284	760,642,446	893,487,594	891,234,359	1.35	0.85
The effect of dilutive potential shares	-	-	643,782	1,883,467	-	-
Diluted earnings per share	1,204,866,284	760,642,446	894,131,376	893,117,826	1.35	0.85

**33 Dividends**

**2016**

At the Annual General Shareholders Meeting held on 5 April 2016, the shareholders passed a resolution to approve dividends payment in respect of the operation results for the period from July to December 2015 at Baht 0.60 per share, totaling Baht 535.53 million. The dividends would be distributed to the shareholders listed in the register on 19 April 2016 and were distributed to the shareholders on 4 May 2016.

At the Board of Directors Meeting held on 11 August 2016, the Board passed a resolution to approve interim dividends payment in respect of the operation results for the period from January to June 2016 at Baht 0.60 per share, totaling Baht 536.60 million. The dividends would be distributed to the shareholders listed in the register on 30 August 2016 and were distributed to the shareholders on 9 September 2016.

**2015**

At the Annual General Shareholders Meeting held on 2 April 2015, the shareholders passed the resolution to approved dividends payment in respect of the operating results for the period from July to December 2014 at Baht 0.55 per share, totaling Baht 489.62 million. The dividend will be distributed to shareholders listed in the register on 17 April 2015. The dividends were distributed to the shareholders on 30 April 2015.

At the Board of Directors Meeting held on 7 August 2015, the directors passed the resolution to approved dividends payment in respect of the operating results for the period from January to June 2015 at Baht 0.55 per share, totaling Baht 490.66 million. The dividend will be distributed to shareholders listed in the register on 25 August 2015. The dividends were distributed to the shareholders on 4 September 2015.

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**34 Cash flows from operating activities**

Reconciliation of net profit to cash flows from operating activities:

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
	Notes	2016	2015	2016	2015
Profit before income tax		1,443,842,015	1,481,730,056	1,292,827,034	913,940,561
Adjustments for:					
Depreciation and amortisation	29	1,172,096,166	1,187,162,079	573,901,352	472,601,208
Amortisation of prepaid rent	29	41,579,042	39,121,291	16,891,719	14,439,945
Doubtful accounts and bad debts	29	44,261,941	12,439,704	-	-
Reversal of provision for goods returns	29	(15,436,368)	(26,976,712)	-	-
Loss on diminution in value of inventories (reversal)	29	(18,409,727)	2,450,000	9,000,000	-
Loss on impairment of assets (reversal)	29	48,807,907	(10,754,921)	120,854,600	1,500,000
Loss on impairment of goodwill	29	32,948,094	45,031,914	-	-
Loss from liquidate of investment in subsidiaries	12	-	-	-	4,200,000
(Gain) loss on disposals of property, plant and equipment		(4,577,801)	253,957	3,158,826	789,409
Loss on disposals of intangible assets		(97,460)	-	-	-
Loss on write-off of property, plant and equipment		44,362,708	13,187,182	40,147,048	453,877
Loss on write-off of intangible assets		1,340,215	3,665,200	1,385	-
Loss from cancellation of lease agreement	29	4,835,384	-	-	-
Gain on bargain purchase of investment	35	(736,406)	-	-	-
Shares of profit from associates and joint ventures	12	(256,159,527)	(237,182,769)	-	-
Gain on disposals of investment in subsidiaries, associates and joint venture	12	(29,736,201)	(99,111,144)	(33,145,467)	(111,883,690)
Gain on disposal of available-for-sale of investment	8	(346,634,030)	(137,925,188)	(346,634,030)	(137,925,188)
Gain on disposals of short-term investments		-	(36,957)	-	(36,957)
Elimination of gain on Disposals of assets to the Property fund	12	4,242,586	-	-	-
Provision for loyalty program		(1,710,524)	(7,541,745)	(1,710,524)	(7,541,745)
Provision for employee benefit	22	5,095,356	3,493,968	2,917,712	1,990,782
Warrants	25	5,486,380	7,519,805	4,819,622	5,675,682
Unrealised gain (loss) on exchange rate		6,172,262	(656,210)	3,207,574	(5,180,278)
Dividend received	28	(1,176,122)	(947,583)	(757,823,297)	(137,664,217)
Interest income	28	(4,255,967)	(6,624,192)	(34,858,646)	(41,716,366)
Finance costs	30	144,032,127	154,908,763	175,556,770	183,843,241
Changes in operating assets and liabilities:					
- trade account and other receivable		(80,563,496)	110,165,657	(19,154,867)	79,610,097
- inventories		104,544,438	(30,584,635)	17,393,741	(32,201,916)
- films under production		(82,659,085)	(10,755,857)	-	-
- other current assets		(31,227,160)	13,427,852	(15,996,988)	(7,054,229)
- receivables under finance lease agreements		1,260,336	1,008,067	-	-
- accounts receivable long-term contract		-	-	-	-
- other non-current assets		(37,934,171)	(60,593,672)	(48,508,692)	(54,383,550)
- trade account and other payables		(112,854,370)	(49,274,163)	(59,350,923)	(73,015,214)
- other current liabilities		6,890,916	(27,382,580)	2,585,895	(10,141,606)
- other non-current liabilities		39,471,962	(3,417,288)	27,373,316	14,587,494
- Employee benefit obligation		-	(460,524)	-	(324,524)
Cash flows from operating activities		2,127,101,420	2,365,339,355	973,453,160	1,074,562,816

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**35 Business combinations**

On 1 January 2016, Major Holding International Co., Ltd. (subsidiary) has invested in 60.00% of ordinary shares in Major Platinum Cineplex (Lao) Co., Ltd., a cinema services provider in Lao People's Democratic Republic, totalling Baht 6.04 million. As a result of the acquisition, the Group expected to increase its presence in this market.

The following table summarises the consideration paid for Major Platinum Cineplex (Lao) Co., Ltd. and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	<b>Baht</b>
Cash	6,037,200
<b>Total consideration</b>	<b>6,037,200</b>
<b>Recognised fair value amounts of identifiable assets acquired and liabilities assumed</b>	
Cash and cash equivalents	24,325,781
Trade and other receivables	7,422,586
Other current assets	1,719,128
Property, plant and equipment	80,794,638
Intangible assets	612,211
Other non-current assets	54,133
Trade and other payables	(103,639,133)
<b>Total identifiable net assets</b>	<b>11,289,344</b>
Non-controlling interest	4,515,738
Gain on bargain purchases	736,406
	<b>5,252,144</b>
<b>Cash increase from acquisition of subsidiary, net of cash payment</b>	<b>18,288,581</b>

**36 Related-party transactions**

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

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

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

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**36 Related-party transactions (Cont'd)**

The following transactions were carried out with related parties:

**i) Sales of goods and services and others**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Sales of goods and services</b>				
Subsidiaries	-	-	352,167	365,011
Associates	5,521	10,928	1,022	22,581
Leasehold property fund	76,115	64,887	40,067	151,147
Joint ventures	18,172	22,969	4,159	4,977
Related parties	64,116	65,800	16,353	18,491
	<b>163,924</b>	<b>164,584</b>	<b>413,768</b>	<b>562,207</b>
<b>Dividend income</b>				
Subsidiaries	-	-	561,826	5,735
Associates	-	-	84,833	19,686
Leasehold property fund	-	-	109,989	111,296
Related parties	1,176	947	1,176	947
	<b>1,176</b>	<b>947</b>	<b>757,824</b>	<b>137,664</b>

**ii) Purchase of goods and services and others**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Purchases of goods and services</b>				
Subsidiaries	-	-	329,511	248,290
Associates	28,990	30,825	17,927	20,843
Leasehold property fund	167,127	159,891	125,800	120,558
Joint ventures	-	13,467	-	8,223
Related parties	145,119	185,399	125,941	161,095
	<b>341,236</b>	<b>389,582</b>	<b>599,179</b>	<b>559,009</b>

**Major Cineplex Group Public Company Limited**  
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**36 Related-party transactions (Cont'd)**

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

	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Trade accounts receivable (include unbilled revenue)</b>				
Subsidiaries	-	-	55,717	62,648
Associates	7,260	7,643	4,709	4,103
Joint venture	3,104	918	428	195
Related parties	2,376	2,919	311	449
	<u>12,740</u>	<u>11,480</u>	<u>61,165</u>	<u>67,395</u>
<b>Amounts due from related parties</b>				
Subsidiaries	-	-	206,421	156,503
Associates	50,235	22,780	4,186	4,676
Joint venture	269	917	-	915
Related parties	14,469	27,822	4,275	14,516
	<u>64,473</u>	<u>51,519</u>	<u>214,882</u>	<u>176,610</u>
<b>Dividends Receivable (included in "Other non-current assets")</b>				
Subsidiaries	-	-	119,916	-
Joint venture	4,500	-	-	-
	<u>4,500</u>	<u>-</u>	<u>119,916</u>	<u>-</u>
<b>Deposit (included in "Other non-current assets")</b>				
Subsidiaries	-	-	44,528	44,528
Associates	8,869	8,849	3,849	3,849
Related parties	26,129	25,829	25,829	25,829
	<u>34,998</u>	<u>34,678</u>	<u>74,206</u>	<u>74,206</u>

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**36 Related-party transactions (Cont'd)**

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

	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Trade accounts payable</b> (included in "Trade accounts and notes payable")				
Subsidiaries	-	-	72,523	70,020
Associates	7,643	323	5,539	14
Joint venture	-	1,069	-	-
Related parties	619	853	515	736
	<u>8,262</u>	<u>2,245</u>	<u>78,577</u>	<u>70,770</u>
<b>Other payables</b> (included in "Amounts due to related parties")				
Subsidiaries	-	-	12,645	10,179
Associates	4,127	4,871	3,448	4,073
Joint venture	45	-	-	-
Related parties	14,901	13,360	6,985	9,696
Board	4,139	4,083	3,567	3,600
	<u>23,212</u>	<u>22,314</u>	<u>26,645</u>	<u>27,548</u>
<b>Advance received for rental and services</b> (included in "Other non-current liabilities")				
Associate	24,961	26,008	-	-
Related parties	11,048	12,558	-	-
	<u>36,009</u>	<u>38,566</u>	<u>-</u>	<u>-</u>
<b>Deposits received</b> (included in "Other non-current liabilities")				
Subsidiaries	-	-	1,253	1,253
Associates	123,503	120,003	-	-
Joint venture	720	420	-	-
Related parties	5,666	5,667	135	135
	<u>129,889</u>	<u>126,090</u>	<u>1,388</u>	<u>1,388</u>
<b>Finance lease liabilities</b> (included in "Long-term borrowings from financial institutions")				
Associates	22,765	20,945	22,765	20,945
	<u>22,765</u>	<u>20,945</u>	<u>22,765</u>	<u>20,945</u>

**Major Cineplex Group Public Company Limited**  
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**36 Related-party transactions (Cont'd)**

**iv) Short-term loans to related parties**

The short-term loans to related parties are loans to subsidiaries. Loans repayable within 1 month and carrying interest rate of 4.00% per annum.

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

For the years ended 31 December	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Opening balance	-	-	547,667	641,578
Loans advanced during the year	8,000	-	609,218	811,514
Loans repayments during the year	-	-	(681,985)	(905,425)
Closing balance	8,000	-	474,900	547,667

The related interest income was Baht 20.89 million (2015: Baht 23.69 million). At 31 December 2016, the accrued interest income was Baht 1.66 million (2015: Baht 1.89 million).

**v) Long-term loans to related parties**

For the years ended 31 December	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Subsidiaries and associates and employees</b>				
Opening balance	1,558	2,113	331,336	431,891
Loans advanced during the year	954	14	954	14
Loans repayments during the year	(589)	(569)	(30,584)	(100,569)
Closing balance	1,923	1,558	301,706	331,336

The loans to related parties are carrying interest at the rates ranging 4.00% per annum (2015: 4.00% per annum) and there is no specific repayment date.

Staff loans of Baht 1.92 million and Baht 1.71 million (2015: Baht 1.34 million and Baht 1.89 million) in the consolidated and separate financial statements, respectively, carrying interest rate of ranging of 2.00% to 3.00% per annum (2015: bearing interest rate of ranging of 2.00% to 3.00% per annum).

**vi) Short-term loans from related parties**

The short-term loans from related parties are loans from fellow subsidiaries. The short-term loans are unsecured. Loans of Baht 975.30 million are repayable within 1 month and carrying interest rate of 4.00% per annum. A promissory note due up on demand of Baht 18.15 million bears interest rate of 2.72% to 3.10% per annum.

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

For the years ended 31 December	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Subsidiaries and associates</b>				
Opening balance	23,000	25,000	1,191,428	973,924
Loans borrowed during the year	-	-	2,225,651	2,253,799
Loans repaid during the year	(4,850)	(2,000)	(2,423,632)	(2,036,295)
Closing balance	18,150	23,000	993,447	1,191,428

The related interest expense was Baht 154,258 and Baht 43,121,002, respectively (2015: Baht 723,019 and Baht 45,531,167). At 31 December 2016, the accrued interest expense was Baht 174,479 and Baht 11,405,675, respectively (2015: Baht 338,704 and Baht 8,700,029).

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**36 Related-party transactions (Cont'd)**

**vii) Key management compensation**

For the years ended 31 December	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	48,386	48,094	40,640	38,018
Retirement benefits	672	796	596	748
Share-based payments	1,152	1,457	1,152	1,457
	<u>50,210</u>	<u>50,347</u>	<u>42,388</u>	<u>40,223</u>

**ix) Investments in subsidiaries, associates and joint ventures**

Details of investments in subsidiaries, associates and joint ventures are set out in Note 12.

**37 Commitments and contingencies**

**i) Bank guarantees and letter of credits**

As at 31 December 2016, the Group has outstanding bank guarantees and letters of credit Baht 193.46 million (2015: Baht 209.18 million) given to third parties.

**ii) Guarantees**

As at 31 December 2016, the Company and a subsidiary have provided guarantees for bank loans granted to subsidiaries and associates for a total of Baht 106.93 million (2015: Baht 35.84 million).

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

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

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Not later than 1 year	741	720	702	690
Later than 1 year but not later than 5 years	3,244	2,911	2,035	2,163
Later than 5 years	5,462	5,734	3,747	3,824
	<u>9,447</u>	<u>9,365</u>	<u>6,484</u>	<u>6,677</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.

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**37 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:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>Currency</b>				
Property, plant and equipment	THB	55,648	36,508	55,648	36,508
Intangible assets	THB	1,969	34,346	-	-
	USD	1,061	1,963	-	-
Total	THB	57,617	70,854	55,648	36,508
	USD	1,061	1,963	-	-
Total in Thai Baht		95,798	142,024	55,648	36,508

Unit: 000

**v) Commitment for film productions**

As at 31 December 2016, the Group has commitments in respect of payments to film directors amounting to Baht 63.10 million (2015: Baht 7.88 million).

**38 Events after the reporting date**

- a) At the Board of Directors Meeting held on 17 February 2017, the Board approved dividends in respect of the operating results for the period from July to December 2016 at Baht 0.60 per share, totalling Baht 536.72 million. The dividends will be distributed to shareholders listed in the register on 21 April 2017.
- b) On 2 February 2017, the Company has purposed to makes Voluntary Partial Tender Offer to purchase ordinary shares of Siam Future Development Public Company Limited in the amount of not exceeding 428.35 million shares or equal to not exceeding 24.11 percent of paid-up capital of SF at 6.20 Baht per share during the tender offer period of 26 business days from 21 December 2016 to 26 January 2017 has offered for sale 5.38 million shares, equivalent to 0.30 percent of paid-up capital of SF amounting to Baht 33.36 million.

<b>Share Registrar Ltd.</b>	<p>Thailand Securities Depository Co., Ltd.</p> <p>62 Stock Exchange of Thailand, Floor 4, 6 and 7</p> <p>Rachadapisek Rd., Klongtoey, Bangkok 10110</p> <p>Tel: 02 229 2800 Fax: 02 654 5427</p>
<b>Auditor</b>	<p>Mr. Kajornkiet Aroonpirodkul</p> <p>Certified Public Accountant (Thailand) No. 3445</p> <p>Pricewaterhouse Coopers ABAS Co., Ltd.</p> <p>15<sup>th</sup> Floor, Bangkok City Tower,</p> <p>179/74-80 South Sathorn Road, Bangkok 10120</p> <p>Tel: 02 344 1000 Fax: 02 286 5050</p>
<b>Legal Advisor</b>	<p>Ms. Kulkanist Khamsirivatchara</p> <p>Siam Premier International Law Office Co., Ltd.</p> <p>26<sup>th</sup> Floor, the Offices at Central World,</p> <p>999/9 Rama I Road, Pathumwan, Bangkok 10330</p> <p>Tel: 02 646 1888</p>
<b>Debenture Registrar</b>	<p>KASIKORNBANK Public Company Limited</p> <p>400/22 6, 12 floor Phaholyothin Road, Samsen-nai District,</p> <p>Phayathai, Bangkok 10400</p> <p>Tel: 02 240 1976 Fax : 02 470 1998</p>
<b>Debenture Representative Limited</b>	<p>KASIKORNBANK Public Company Limited</p> <p>400/22 6, 12 floor Phaholyothin Road, Samsen-nai District,</p> <p>Phayathai, Bangkok 10400</p> <p>Tel: 0 2240 1976 Fax : 0 2470 1998</p>





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