



ANNUAL REPORT 2018

M PICTURES ENTERTAINMENT PUBLIC COMPANY LIMITED

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MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear shareholders,

In the year 2018, M Pictures Group has orientated its business policies and strategies aiming to become the forerunner of the film business. The company has tackle its way of managing film rights via multiple channels such as cable TV, digital TV and local film productions to serve the constantly developing consumer behavior. This year, the titles “Bikeman”, “Oh My Ghost 6” and “Lord Banlue” has contributed significantly to the annual revenue. Furthermore, the company has expanded its business to Cambodia in addition to the growth made in Laos. M Pictures Group has also managed to reduce the cost to effectuate the operations, numbers of screens are also being increased in up-country areas. All of which mentioned leads to possible advancement of incomes mainly generated by the production of local titles that are favored by the majority of up- country viewers.

On this occasion, I, on behalf of the Board of Directors, would like to express our highest appreciation to shareholders, investors, clients, business partners and associates for any kind supports. In addition, I would like to thank all the executives and also the employees for their hard work, dedication, and responsibility on various important assignments which firmly and increasingly strengthen the company as well as subsequently lead the organization to the goal-oriented achievement. I believe that the company still has prosperous potentials to grow further and I wish for your unfaltering support and cooperation.

Sincerely Yours,



Mr Tirachai Vutithum

Chairman of the Board of Directors

THE BOARD OF DIRECTORS



Mr. Tirachai Vuttithum Age: 70 years

Independent Director and Chairman of the Board of Director

Education : - Ramkumhaeng University, Doctor of Philosophy Honorary Degree in Continuing Education

- Diploma, National Defence College, The National Defence Course Class.34

- American Coast University, Bachelor Degree in Psychology

- Ramkumhaeng University, Bachelor Degree in Business Administration

Current Position:

- Independent Director and Chairman of the Board of Director, M Pictures Entertainment Plc.

Experience:

- Chairman of the Board, the Government Pharmaceutical Organization
- Director, Thai Airways Public Company Limited.
- Vice President, Soccer Association of Thailand Patron: His Majesty the King



Mr. Vicha Poolvaraluk Age: 56 years

Director and Vice Chairman of the Board of Director

Education : - United State International University of San Diego, U.S.A, Master Degree of Business Administration

- Chulalongkorn University, Bachelor Degree of Business Administration

Current Positions:

- Director and Vice Chairman of the Board of Director, M Pictures Entertainment Plc.
- Director and Chief Executive Officer, Major Cineplex Group Plc.
- Director, Siam Future Development Plc.
- Chairman, Major Care Foundation



Mr. Thanakorn Puriwekin Age: 62 years

Director and Chief Executive Officer

Education: - United State International University of San Diego, U.S.A, Master Degree of Business Administration

- Bangkok University, Bachelor Degree of Business Administration

Current Positions:

- Director and Chief Executive Officer, M Pictures Entertainment Plc.
- Director, EGV Entertainment Plc.
- Director, Transformation Films Co.,Ltd.
- Director, M Talent Co.,Ltd.



Mr. Thanachai Santichaikul Age: 64 years

Independent Director and Chairman of Audit Committee

Education: - Thammasat University, Master Degree of Business Administration
 - Chulalongkorn University, Bachelor degree of Accountancy
 - Chulalongkorn University, Faculty of Commerce and Accountancy, Certificate of Accounting Auditing

Current Positions:

- Audit Committee, Nation Multimedia Group Plc.
- Director, Executive Director and Managing Director, Salee Printing Plc.
- Independent Director and Chairman of Audit Committee, M Pictures Entertainment Plc.
- Independent Director and Audit Committee, Eastern Polymer Group Plc.
- Chairman, Siam Syndicate Technology Co.,Ltd.
- Chairman, AIM REIT Management Co.,Ltd.



Mr. Attapon Chodchoy Age: 62 years

Independent Director and Audit Committee

Education: Chulalongkorn University, Bachelor degree of Accountancy

Current Positions:

- Independent Director and Chairman of Audit Committee, Veranda Resort Plc.
- Independent Director Audit Committee, M Pictures Entertainment Plc.
- Independent Director Audit Committee, MK Restaurant Group Plc.
- Finance Advisor, Unique Plastic Industry Co., Ltd.



Mr. Vachara Tuntariyanond Age: 60 years

Independent Director and Audit Committee

Education: Master of Science in Management Administration, Northrop University, California, USA.

Current Positions:

- Independent Director Audit Committee, Asset World Corp Plc.
- Director, Thai Airway Plc.
- Financial Expert, Office of Insurance Commission (OIC)
- Independent Director Audit Committee, M Pictures Entertainment Plc.
- Director and Chairman of Board of Director, Krungthai Asset Management Plc.
- Director/ Chairman of Board of Director, Eastern Polymer Group Plc.



Ms. Thitapat Issarapornpat Age: 51 years

Director and Acting on behalf of Company Secretary

Education: - Chulalongkorn University, Master of Business Administration

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

Current Positions:

- Director, M Pictures Entertainment Plc.
- Chief Finance Officer and Company Secretary, Major Cineplex Group Plc.
- Director, Siam Future Development Plc.
- Director, Mtel (Thailand) Co.,Ltd.
- Director, Major Kantana Broadcasting Co.,Ltd
- Director, EGV Entertainment Plc.
- Director, ThaiTicketMajor Co., Ltd.



Mr. Apichart Kongchai Age: 53 years

Director

Education: - New Haven University CT, U.S.A., MBA, Concentration Hotel & Restaurant Management

- Chiangmai University, Bachelor of Science Sociology and Anthropology

Current Positions:

- Director, M Pictures Entertainment Plc.
- Chief Cinema Officer, Major Cineplex Group Plc.



Mr. Apirak Varachanonth Age: 45 years

Director

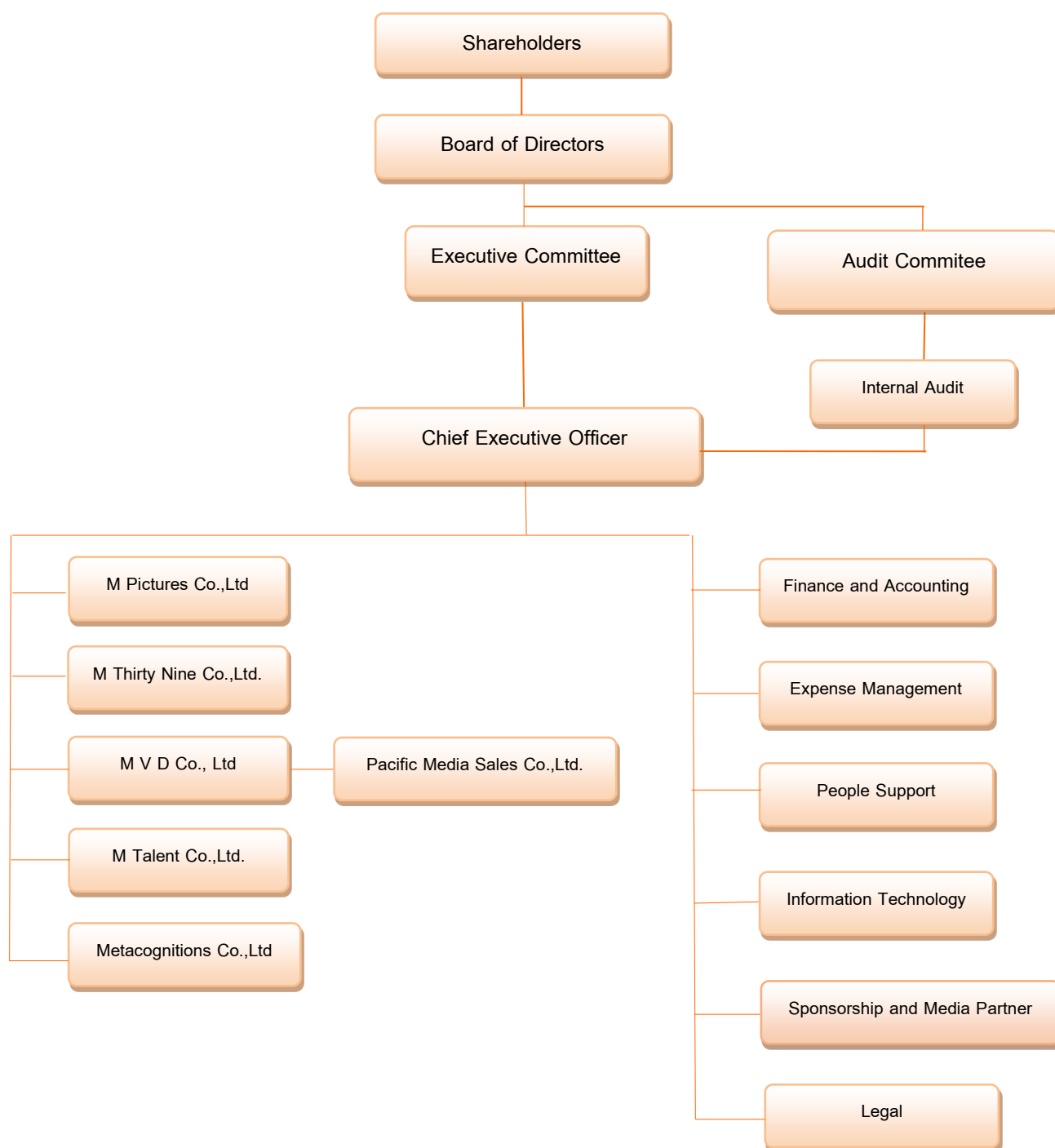
Education: - Mahidol University, Master of Arts (Population and Social Research)

- University of the Thai Chamber of Commerce, Bachelor of Business Administration
(Human Resource Management)

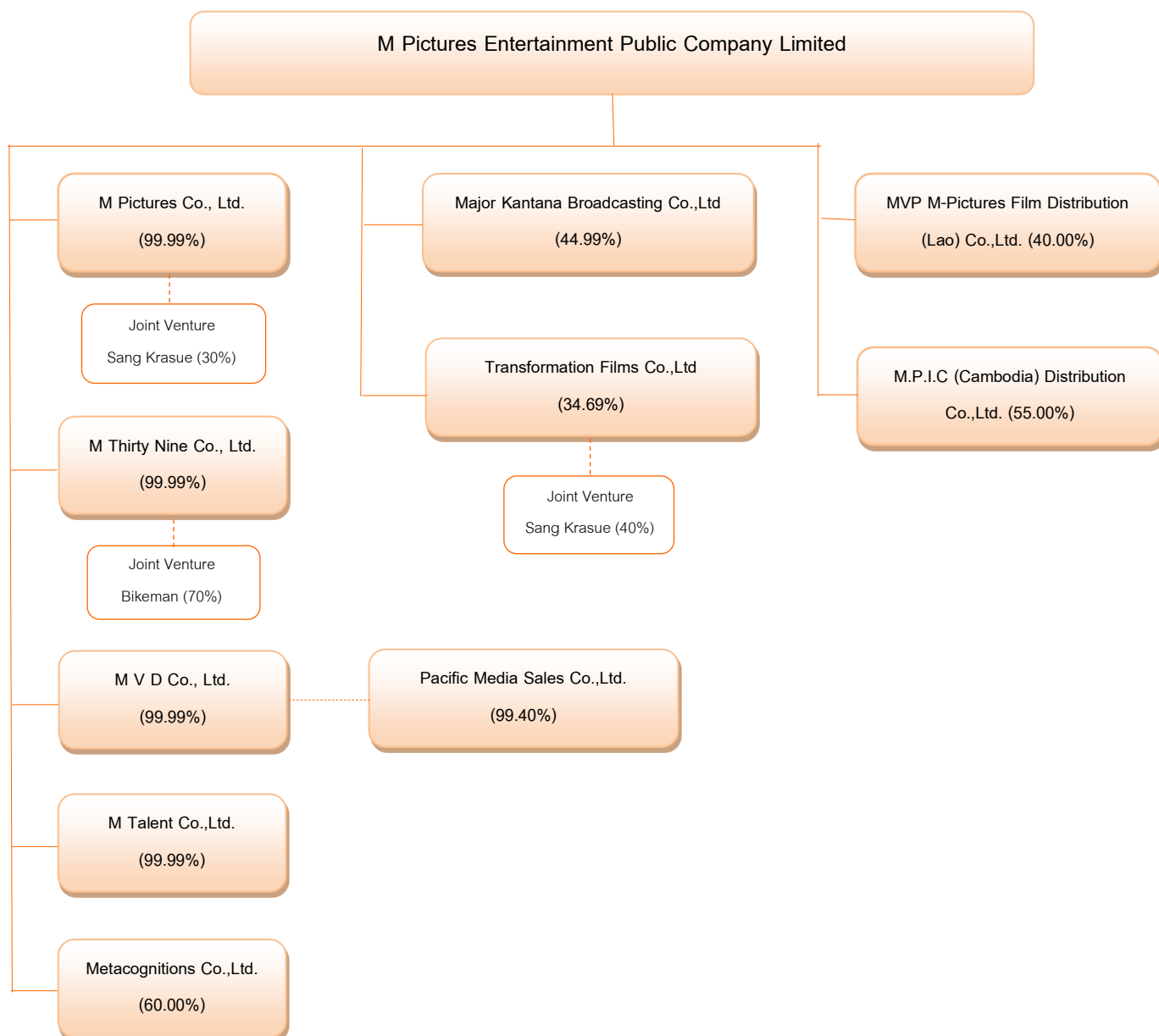
Current Positions:

- Director, M Pictures Entertainment Plc.
- Chief Human Resources Officer, Major Cineplex Group Plc.
- Executive Director, Marketing Association of Thailand

ORGANIZATION CHART



SHAREHOLDING STRUCTURE



GENERAL INFORMATION OF THE COMPANY

Subsidiaries, Associates and Joint Ventures

1. M Pictures Entertainment Plc.

Type of business	:	Invests in subsidiaries in entertainment media business and also invests in through subsidiaries.
Company Registration No.	:	0107544000124
Address	:	234 Suzuki Avenue Building (Rachayothin) 13th Floor, Ratchayothin Road, Ladyao, Jatuchak, Bangkok 10900
Website	:	www.mpictures.co.th/mpic/investors
Telephone	:	02-5120300
Fax	:	02-5120301, 02-5120302
Number/Type of Shares	:	Ordinary share 1,313,117,176 shares / Paid-up share 1,300,119,176 shares

2. M Pictures Co.,Ltd.

Type of business	:	Provides and distributes film copyrights which engaged in film business by being the importer copyrights of International films especially from the important international film festivals, Asian independent film studios including Thai films and produces Thai films for service to Cinemas and license to home entertainment media manufacture.
Address	:	234 Suzuki Avenue Building (Rachayothin) 13th Floor, Ratchayothin Road, Ladyao, Jatuchak, Bangkok 10900
Website	:	www.mpictures.co.th
Telephone	:	02-5120300
Fax	:	02-5120301, 02-5120302
Number/Type of Shares	:	Ordinary Share 1,500,000 Shares

3. M V D Co.,Ltd.

Type of business	:	Provide film copyrights both international and Thai films to home entertainment media manufacture.
Address	:	234 Suzuki Avenue Building (Rachayothin) 13th Floor, Ratchayothin Road, Ladyao, Jatuchak, Bangkok 10900
Website	:	www.mvd.co.th
Telephone	:	02-5120300
Fax	:	02-5120301, 02-5120302
Number/Type of Shares	:	Ordinary Share 52,250,000 Shares

4. M Thirty Nine Co.,Ltd.

Type of business : Thai film production studio
Address : 1839, Phahonyothin Road, Ladyao, Jatuchak, Bangkok 10900
Website : www.m-thirtynine.com
Telephone : 02-5120300
Fax : 02-5120301, 02-5120302
Number/Type of Shares : Ordinary Share 1,000,000 Shares

5. Pacific Media Sales Co.,Ltd.

Type of business : Distribute and rent outs remaining stock of CD, VCD, and Games.
Address : 234 Suzuki Avenue Building (Rachayothin) 13th Floor, Ratchayothin Road, Ladyao, Jatuchak, Bangkok 10900
Telephone : 02-5120300
Fax : 02-5120301, 02-5120302
Number/Type of Shares : Ordinary Share 930,000 Shares

6. M Talent Co.,Ltd. (Previous name: Talent One Co.,Ltd.)

Type of business : Book publisher and Thai film production studio
Address : 234 Suzuki Avenue Building (Rachayothin) 13th Floor, Ratchayothin Road, Ladyao, Jatuchak, Bangkok 10900
Telephone : 02-5120300
Fax : 02-5120301, 02-5120302
Number/Type of Shares : Ordinary Share 400,000 Shares

7. Metacognitions Co.,Ltd.

Type of business : Media Advertising Agency and selling goods.
Address : 234 Suzuki Avenue Building (Rachayothin) 13th Floor, Ratchayothin Road, Ladyao, Jatuchak, Bangkok 10900
Telephone : 02-5120300
Fax : 02-5120301, 02-5120302
Number/Type of Shares : Ordinary Share 20,000 Shares

8. Major Kantana Broadcasting Co.,Ltd.

Type of business : Operating cable Television business.
Address : 991 Paragon Shopping Mall Building, 5-6th floor, Rama 1 Rd., Pathumwan
Sub-district, Pathumwan District, Bangkok.
Telephone : 02-1294638
Fax : 02-1294638
Number/Type of Shares : Ordinary Share 6,000,000 Shares

9. Transformation Films Co.,Ltd.

Type of business : Thai film studio
Address : 6, Soi Nak Niwat 12, Nak Niwat Road, Lat Phrao , Lat Phrao, Bangkok 10230
Telephone : 02-9325600
Fax : 02-9325600
Number/Type of Shares : Ordinary Share 2,450,000 Shares

10. MVP M-Pictures Films Distribution (Lao) Co.,Ltd.

Type of business : Films distribution company in Lao
Address : 4th Floor, Vientiane Centre Shopping Mall ,No 13,Kouvieng Road, Nongchan
Village, Sisatannak District, Vientiane Capital, Lao People's Democratic Republic
Telephone : 856-21-520451
Fax : 856-21-222262
Number/Type of Shares : Ordinary Share 100,000 Shares

11. M.P.I.C (Cambodia) Distribution Co.,Ltd.

Type of business : Films distribution company in Cambodia
Address : 308, 2nd Floor, Preah Monivong Boulevard, Sangkat Chaktomukh, Khan Daun
Penh, Phnom Penh, Cambodia.
Telephone : -
Fax : -
Number/Type of Shares : Ordinary Share 200,000 Shares

COMPANY MILESTONE

M Pictures Entertainment Plc. (Previous name: Traffic Corner Holdings Public Company Limited) (“the Company”) was established on November 5, 2001 with an initial registered capital of THB 15 million. The objective of the Company is to invest in mass media companies, especially marketing management of sports events and news programs on radio and television. Afterward, the Company have merged with M Pictures Co.,Ltd. in order to extend the business to film entertainment business by providing Cinemas, DVD-VCD-Blu-Ray manufacturers, Free TV, Cable TV, Pay TV, and Digital Pay TV, film copyrights. Moreover, the company has invested in Thai film production through the Company’s subsidiaries since 2011. As of December 31, 2018, there is THB 1,313,117,176 of registered capital and THB 1,300,119,176 paid-up capital

Present, The Company invests in the business relating to entertainment media through cinemas, television, film production and home entertainment through subsidiaries as follows

2008	M Pictures Co.,Ltd. which engaged in film business by being the importer of copyrights of International films especially from various sources such as important international film festivals, Asian independent film studios for feeding Cinemas.
2009	M V D Co.,Ltd. (previous name: Pacific Marketing and Entertainment group Co.,Ltd.) which engages in film business by providing Thai and international film copyrights to manufacture home entertainment media. Resulted from investing in MVD, the Company becomes a major shareholders and parent company of M Thirty Nine Co., Ltd. (M39) and Pacific Media Sales Co.,Ltd. which was MVD’s subsidiaries.
2010	the Company has restructured and invested in M Thirty Nine Co.,Ltd. (M39) which engages in the business of Thai film production replacing M V D Co.,Ltd.
2013	The Company has invested additionally in 2 companies; Talent One Co.,Ltd. (Present name; M Talent Co.,Ltd.) (Thai films production studio and book publisher) and Major Kantana Broadcasting Co.,Ltd (Cable TV) to strengthen our business and be suitable for the market and consumer at that time.
2014	The Company joint invested in Thai film studio, Transformation Films Co.,Ltd., with True Icontent Co.,Ltd., Matching Studio Plus Co.,Ltd and Bangkok Film Studio Co.,Ltd.
2015	The Company joint invested with MVP Entertainment Pte. (Singapore) established MVP M-PICTURES Film Distribution (Lao) Co., Ltd. aims to distribute films’ rights in Lao PDR.
2016	Metacogitions Co.,Ltd. Media advertising agency , in portion of 60%, to support movie in the group.
2018	The Company joint invested with MVP Entertainment Pte. (Singapore) and Sabay Digital Corp Ltd. established M.P.I.C (Cambodia) Distribution Co., Ltd. aims to distribute films’ rights in Cambodia.

NATURE OF BUSINESS

M Pictures Entertainment Plc. invested in companies engaged in the movie media business, provides and acquires Thai and International films copyrights for cinema, provides rights to Free TV, Cable TV, Pay TV ,and Digital Media. In addition, the Company has invested in Thai Film Production and Home entertainment business in form of DVD-VCD and Blu-Ray which generated the most revenue for the Group.

No.	Company	Nature of Business	Channel
1.	M Pictures Entertainment Plc.	Engages business of providing and buying Asian & International film copyrights and invests in home entertainment media business and Thai films Production.	Through subsidiaries
2.	M Pictures Co.,Ltd.	Provides and buys Asian and International films copyrights from well-known studio and produces Thai films as production studio.	Theatrical and non-theatrical Channel.
3.	M V D Co., Ltd.	Provides and buys Thai and international film copyrights for home entertainment media.	Home entertainment media
4.	Pacific Media Sales Co.,Ltd.	Distributes and rent out service of Movie VCD, Series, Varieties, Songs, and Games.	Through agents and VDO rentals
5.	M Thirty Nine Co.,Ltd.	Thai Films Production studio	Theatrical and non-theatrical Channel
6.	M Talent Co.,Ltd.	Book publisher and Thai film production studio	Book store and Theatrical and non-theatrical Channel.
7.	Transformation Films Co.,Ltd.	Thai Films Production studio	Theatrical and non-theatrical Channel
8.	Major Kantana Broad-casting Co.,Ltd.	Cable T.V. and Satellite T.V.	Via M Channel
9.	MVP M-Pictures Film Distribution (Lao) Co.,Ltd.	Films' distribution company in Lao PDR	Theatrical and non-theatrical Channel
10.	Metacognitions Co., Ltd.	Advertising Agency and selling goods	Online and Offline
11.	M.P.I.C (Cambodia) Distribution Co.,Ltd.	Films' distribution company in Cambodia	Theatrical and non-theatrical Channel

Marketing Strategies

- **Strategy on movie quality**

The Group is looking to acquire copyrights of international and Thai films, as well as production and distribution of movies on VCD, DVD, Blue Ray, Free TV, Pay TV, and Digital Media such as Video on demand, with a focus on a vast variety of quality movies. The Company will acquire movies from widely accepted sources such as international film festivals worldwide, movie studio that could win popularity in Asian Region, independent producers of groundbreaking films, as well as movie studio in Thailand. In the Thai film production, the Company gives priority to viewers' preference, gender and age, including their income, while trying to promote the production of quality Thai films to gain popularity among viewers.

- **Strategy on intra-group support services**

The Group is currently an operator of a full-fledged movie business, ranging from providing of Thai and international movie rights, Thai film production of movies on VCD, DVD and Blue Ray discs. Its copyright films could be distributed and/or released extensively via different channels due to a strong relationship of the Company with Major Cineplex Group Plc., its parent company and Thailand's leading cinema operator with a network of movie theaters in all parts of the

country. Moreover, the Company always finds new business partnership. This somewhat fully integrated business partnership gives the Company an edge over other players operating a similar type of business.

- **Strategy on consumers' preference**

Since consumers have become more selective about the type of movies they prefer watching, the Company needs to adjust itself to address the said changing consumer behavior. Realizing that moviegoers' personal taste is a crucial factor that could affect its performance, the Company must find movies that match the taste of all consumer segments and age groups and must also acquire films and produce Thai movies in alignment with the festive seasons in order to stimulate the movie consumption in Thailand.

Target Group

- * All kinds and ages of Customers.
- * Cinema.
- * Free TV, Cable TV, Pay TV, Pay Digital TV. IPTV, VOD
- * Home entertainment media entrepreneurs.
- * International entertainment media entrepreneurs.

Competitive Potential

M Picture Entertainment PLC

The Group is operating a comprehensive range of movie business, consisting of a foreign film rights importing and distributing business, a Thai moviemaking business, and a home-entertainment business, manufacturing VCDs, DVDs and Blue Rays. It also is a subsidiary of Major Cineplex Group Plc., Thailand's leading cinema operator with theater locations all over the country. This strength enables the Company to grow strongly and in pace with other players and gives it an opportunity to efficiently manage group businesses and internal resources for an optimum benefit. With intra-group support services such as advertising media, theater network, etc., the Company is capable of better responding to consumers' demand, as well as continuously expanding its customer base, while the Group's movie media could increasingly draw consumer interest.

The Group has additionally developed and introduced the digital media, which could attract new consumer segments. In the past year, the Group expanded distribution's channel on iTunes, Google play, Iflix Netflix and HOOQ also distributes films' rights to international market such as Cambodia, Laos, Vietnam and Hong Kong and also in worldwide films' festival such as Cannes festival.

M Pictures Co.,Ltd

The past year the economic decelerated. However, M Pictures Co., Ltd., a Thai film production and distributor Thai and foreign movie copyrights, has had a strong capital base. Besides, competition in this business is not tough because there are a small number of players and each of them have owned target. In view of these factors, together with the fact that the Company has several and definite marketing channels, there is no concern about competition with other peers.

M V D Co.,Ltd.

The past year, Home Entertainment business decelerated which cause the revenue of the company could not hit the goal. The company has change position from manufacturing to licensing films' rights to our partners to manufacture and sell VCDs and DVDS for reducing risk of inventory and also reducing management fee.

M Thirty Nine Co.,Ltd. / M Talent Co.,Ltd. /

Transformation Films Co.,Ltd.

There are a growing number of Thai films productions with high competition. Moreover, the strength of its group members which engage in movie theater business and home entertainment business will also help to enhance the Company's competitive potential in this industry.

Metacognitions Co.,Ltd.

Advertising Agency is high competition. However, the operation result of the company was satisfied because the company has expert crews.

RISK FACTORS

- **Risk Regarding Operation Results Depending on the Film Market Industry**

The Company carries on the business of producing Thai films and procuring both Thai and foreign film rights, especially films rights from major studio and from independent studio, so as to manage them for revenues to be generated for the Company, the production of Thai films and the procurement of copyrights in foreign films are deemed to serve as a main source of revenues of the Company. Consequently, there may be a risk in the event the film producers are not able to produce films that keep pace with and/or are of quality and/or correspond to the consumers' needs. However, the Company has mitigated the impact by procuring award-winning films and/or films from independent studio. In addition, the Group has now produced and distributed Thai films, with a plan for all-year shows, and prepared more Thai movies for supporting the theatrical.

The risk regarding operation results depending on the film market industry is, therefore, at low level.

- **Risk Regarding Consumers' Tastes**

The Company carries on the business of producing Thai films and acquiring both Thai and foreign film right so as to manage them for revenues to be generated for the Company. Therefore, the Company may have a risk in the event the film producers are not able to produce films that keep pace with and/or are of quality and correspond entirely to the consumers' needs and tastes. This depends on the selection of film categories by the Company, which must have regard mainly to popularity, suitability to sex and age of consumers as well as their economic status. In the previous year, the

Company had many titles of both Thai and foreign films that had become successful such as Bikeman, The Last Heroes, Oh My Ghost 6, Lord Banlue.

The Company's risk regarding consumers' tastes is, therefore, at low level.

- **Risk Regarding Exchange Rates**

The Company encounters interest rate risk that is crucially associated with the overdrafts and loans from financial institutions with floating interest rates. It therefore is vulnerable to interest rate fluctuations, which might affect the Group's operating results and cash flow.

Realizing the importance of cushioning against impacts from such risk, the Company has adopted a policy on strict control and planning for its income and budget spending to ensure a low finance cost. The Group has not utilized derivatives for hedging against the said interest rate risk.

- **Risk from Interest Rate**

The Company encounters interest rate risk that is crucially associated with the overdrafts and loans from financial institutions with floating interest rates. It therefore is vulnerable to interest rate fluctuations, which might affect the Group's operating results and cash flow.

Realizing the importance of cushioning against impacts from such risk, the Company has adopted a policy on strict control and planning for its income and budget spending to ensure a low finance cost. The Group has not utilized derivatives for hedging against the said interest rate risk.

- **Risk from Business Competition**

In an overall picture, the competition in the business of acquiring and distributing films of the Company in the year of 2018 had not much effect on the Company though, there are a small number of operators of business in the same category and of the same size as those of the Company. However, a significant factor that affects this business results from a change in the behavior of consumers who become more selective about movies to be viewed. This problem therefore requires that the Company adjust itself to accommodate this change in the consumers' behavior by acquiring films and producing Thai films that respond more to the consumers' needs so as to keep the continuous growth of its revenues. In addition, since the Company has strong connections with a large company that is the biggest owner of theaters in Thailand, it has a channel to publish the films produced by the Group and those in which the copyrights have been purchased. This advantage is deemed a significant strong point of the Company when compared to its business competitors.

In the previous year, regarding the acquisition of film rights and the production of Thai films by the Company, the films distributed by the Company became successful because they could respond well to the consumers' needs. Moreover, the Company planned its marketing strategies carefully and planned to expand its customer base by selecting films of greater quality and with more variety. In addition, for adding value of our Thai film rights, the Company has distributed to international channel.

- **Risk from Copyright Infringements**

The spread of pirated goods and internet infringement are important problems that impair the growth of the motion picture business in Thailand a lot. Manufacturers and distributors of proper copyrights in Thailand have suffered impacts from these problems continuously. The Group, which conducts the business of distributing licenses and producing films for theater shows as well as manufacturing and distributing film media, that

is, DVD, VCD and Blu-ray, that are regarded as a main channel of revenues of the Company, will also suffer this impact, which results in a risk in terms of revenues or operation results that the Company ought to receive as a result of its investment in those film rights.

At present, both large and small operators of film media business, including the public sector, being aware of copyright infringements, cooperate in finding ways to prevent and suppress such illegal acts by setting up a joint agency performing the duty to detect sources of pirated film media production and by pressing lessors of premises to terminate the space leases and join the state authority to arrest offenders. As a result, the film piracy rate remains constant or does not increase, and it is expected that it will decrease to one that cannot produce impacts or produces minimum effect on the operators of lawful film media business.

- **Risk from a major shareholder holding more than 75%**

The Company has a major shareholder holding 92.46% of the paid-up shares of MPIC which is Major Cineplex Group Plc. having the controls and influencing on the decision of the Company in the matters which have to be approved by the shareholder's meeting therefore, the other shareholders of the Company lose the power to check and balance on the issue brought up by the said major shareholder.

- **Risk from having minor shareholder less than 15%**

As of 31 December 2018, paid up ordinary shares of the Company in amount of 92.46% was hold by a major shareholder and 7.54 was hold by other shareholders which affecting the volume of trade in the stock exchange hence the shareholders and investors could not trade in the time he/she desires. Moreover, the Company has minor shareholder less than 15% affecting the status of company listing in SET which the Company have been concerned and try to resolve the regard as soon as possible.

CORPORATE GOVERNANCE

The Board of Directors recognizes the importance of good corporate governance as an important and essential element in the sustainable growth and prosperity of its business operation, to improve transparency, and to increase shareholders and other related parties' confidence, The Board has, therefore, devised a policy for the Company which incorporates the principles of corporate governance under the operational regulations of the Stock Exchange of Thailand as follows:

1. Setting the Corporate Governance Policy

1. The Company will treat every shareholder and stakeholder on equal and fair basis.
2. The Company will conduct its business activity with transparency, accountability, and disclose sufficient and comprehensive information to all parties concerned.
3. The Company will conduct its business activity with constant consideration of risks through appropriate control and management of risk procedures.
4. The Company's Board of Directors comprises at least 3 independent directors.
5. The Company's Board of Directors will hold a regular meeting, and may hold other additional meetings if required. The date of the meeting will be scheduled in advance, together with the clear outline of the meeting agendas. This will be submitted prior to the meeting, together with supporting documents in line with the Company's articles of association so that Company's Board of Directors has sufficient time to study the information prior to attending the meeting.
6. The Company's Board of Directors values the establishment of an internal control system, both financial and performance control, as well as the supervision of its operation. In this regard, the Board has set up an independent internal audit work unit as part of the Company's business operation.
7. The Board of the Company will ensure the application of ethical guidelines to the Company's business performance, the desired good work ethics of directors and staffs, and will communicate these ethics to all related departments for information

2. Rights and Equality of Shareholders

The Company recognizes the significance of shareholder's rights in accessing information on the Company, through its policy of providing clear information that is transparent, accurate, and fair. In this connection, the Company submits news and information on its performance results, investment in various projects, as well as company and groups transactions on a regular and timely basis. Shareholders are entitled to receive such Company information on fair and equal basis, and are entitled to attend the meetings, vote, and express their opinions during the shareholders' meeting. Each and every shareholder has equal rights as follows:

- The right to receive information on the Company's operation on a regular and timely basis.
- The right to participate in the shareholders' meetings, express opinions and
- The right to be informed of Company and groups related transactions
- Other legal rights

3. Stakeholders' Rights

The Company values the rights of every group of stakeholders including staff, executives, trade partners, executives, client, and shareholders and related parties, in accordance with their roles, functions, and responsibilities to comply with the relevant rules and regulations for the purpose of the Company's healthy performance and stable growth.

- Shareholders: the Company discloses information with transparency and reliability in order to create understanding and highest satisfaction amongst its shareholders.
- Staff: the Company has consistently treated its staff with fairness, and has assumed responsibility for the maintenance of work environment that is considered safe for the lives and assets of staff, and in strict compliance with the labor law, providing welfare, and paying proper compensation.
- Clients: the Company treats all its clients on fair and equal basis, and does not sign direct contracts with any exclusive advertising agency/ product owner client. Neither does it disclose client information to outside parties without receiving prior permission from the client or from authorized personnel within the Group;
- Business Partners: the business activities of trade partner must not in any way damage the Company's business reputation, or contradict with the regulations. Consideration is given to fairness in terms of business operation and mutual interests with clients.
- Society The Company has partnered with Major Care Foundation in activities for the benefit of society.

4. The Shareholders' Meeting

The Company schedules a General Shareholders' Meeting once a year, not longer than 4 months after the Company's fiscal year end date. In 2018, the Company held the Annual General Shareholders' meeting on 9 April 2018, in order to consider various important agendas. It has dispatched the appointment/invitation letters together with supporting documents providing sufficient and comprehensive information to the Company's share registrar for onward delivery to the shareholders to study the afore-mentioned information in detail. Furthermore, the Company facilitated the shareholders' participation in the shareholders' meeting by having the meeting room easily accessible, and in the event the shareholder cannot attend the meeting in person, he may authorize other individuals to attend in his place or authorize one of the independent to vote on his behalf.

The Company's Board of Directors gives importance to meeting attendance, and at least half of the total number of directors must attend the meeting, including the Audit Committee which also comprises the independent directors. At every meeting, the Chairman of the meeting will explain to the shareholders the meeting procedures, the exercise of voting rights, and the right to express opinions. Opportunity will be given for shareholders to make queries and recommendations on various issues, and the Company's management team, including the financial auditor attending the meeting will answer any questions raised on the agendas.

5. Role, Leadership, and Vision

The Company's Board of Directors is responsible to its shareholders for the Company's business performance, and for overseeing that management of the business is in line with the objectives and guidelines set, and in the shareholders' best interests; while at the same time taking into consideration the interests of all stakeholders

In its operation, the Board has appointed the Group's Chairman of the Executive Committee who is responsible for the management of the Company's regular business affairs, and has clearly defined the roles and functions of the Board of Directors and the senior management so that the operation proceeds most effectively, in accordance with the policy set. The Company's directors are individuals with knowledge and capability who has undergone various training programs from the Thai Institute of Directors Association- (IOD) as follows:

Director Certification Program

Mr. Vicha Poolvaraluk

Mr. Thanachai Santichaikul

Mr. Attapon Chodchoy

Mr. Vachara Tuntariyanond

Ms. Thitapat Issarapornpat

Director Accreditation Program

Mr. Tirachai Vutithum

Mr. Thanakorn Puriwekin

6. Conflict of Interest

The Board of Directors recognizes the significance of carefully considering transactions which may create conflict of interest, related or connected transactions, and will treat them the same way it treats with outside parties, upholding and abiding by the Stock Exchange of Thailand regulations as well as other rules which may be applicable to the transactions.

7. Business Ethics

The Board of Directors, the Committees, the management, and staff have a joint role in performing their duties in line with the Company's mission, guidelines and desired code of conduct, with honesty, integrity, and fairness which includes performance towards the Company, clients, and every group of stakeholders.

8. Balance amongst Non Executive Directors

As of 31 December 2018, there were 9 directors in the Company as follows:

Executive Directors	3 persons
Non-Executive Directors	2 persons
Independent Directors (Audit Committee)	4(3) persons

In this connection, the Company has 4 Independent Directors or equivalent to 44.44% of the total number of directors. The Company's Board of Directors is responsible for performing its duties in accordance with the law, its objectives, and the articles of association of the Company, as well as shareholders' resolution, with honesty, integrity, and caution in preserving the Company and its shareholders' interests. Each director's position has a definite term which is in accordance with the Company's article of the Company, as well as shareholders' resolution, with honesty, integrity, and caution in preserving the Company and its shareholders' interests. Each director's position has a definite term which is in accordance with stipulate that at each Annual General Shareholders' meeting 1 out of 3 directors must leave his position, by having the director who has assumed the position longest resign.

9. Combining/Separating of Positions

The Company separates the position of Chairman of Board of Directors from that of Chairman of Executive Committee, and such positions cannot be assumed by one individual. This serves to balance the power amongst the management for the purpose of appropriateness and transparency. The Company has defined functions by setting clear policies with regard to supervision and management.

- **Mr. Tirachai Vutithum**, Chairman of the Board of Directors, is responsible as the Head of the Company's Board of Directors, and acts as the Chairman of the Company's Board of Directors' meetings. Whenever, the Company holds a shareholders' meeting, the Chairman of the Board of Directors will assign the Deputy Chairman of Board of Directors, or Chairman of the Management Committee, or Chairman of the Executive Committee to serve as the Chairman of the meeting on his behalf if he is required to perform his duties overseas during that time.
- **Mr. Thanakorn Puriwekin**, Director and Chief of Executive Officer, and is responsible for being leader of the Company's management team, responsible for the Company's performance in accordance with the policy by the Company's Board of Directors, and reports directly to the Company's Board of Directors

10. Remuneration of Directors and Executives

The Company determines rates of the remuneration of Directors by holding transparency, appropriated, with approval of the shareholders and base considered on each responsibility, duties, acknowledges, capabilities, moralities. For remunerations of Executives, the Company base determines on conforming to each knowledge, capacities, moralities, and performances.

11. Board of Directors' Meeting

In 2018, the Company held 4 Board of Directors' meetings. The Company prepares the meeting invitation, the meeting agenda, together with supporting documents at least 7 days prior to each meeting. The proper timing allocated for the various meeting agendas will be set by the Board of Directors, and an officer will be responsible for recording of the minutes of the meeting, and seriously implementing the meeting resolution, as well as following up, and filing of the previous minutes which have been endorsed by the Board of Directors, ready for review to be undertaken by the Board of Directors and related parties.

12. The Committees

The company sets up the Sub-Committee, namely Audit Committee, Executive Committee (detailed in Board and Committee structure)

13. Internal Control and Audit Policy

The Company has established an internal control system by setting up the Internal Audit Department which reports directly to the Audit Committee, in order to undertake audit of the internal operation system, and to make recommendations regarding the adequacy and appropriateness of the Company and its subsidiaries' internal control systems. The Company's internal control system will also be applicable to executives in order to prevent damages which may arise from the misuse of assets or from lack of proper authority, by clearly setting executives' scope of authority and responsibility.

14. Board of directors' Report

The Company's Board of Directors is responsible for the Company and its subsidiaries' consolidated financial statements, and financial information which appear in the annual report. The afore-mentioned financial statements have been prepared in accordance with internationally accepted standards, in Thailand, using careful judgments, and the best possible estimate/projections, as well as disclosing sufficient information in the notes to financial statements. This will create stakeholders' confidence in the Company's financial statements. In the past, the Company's Board of Directors had appointed an Executive Committee which comprised highly qualified independent directors with qualification which comply with the Stock Exchange of Thailand's regulations, to conduct a review, and ensure that the Company's financial reports are correct and adequate, with an appropriate and efficient internal control system, and to review that the operations comply with the Stock Exchange regulations, obligations to outside parties, and other relevant rules and regulations, including the selection and proposal to appoint and offer remuneration of the auditor.

15. Investor Relations

The Company's Board of Directors recognizes the importance of disclosing correct, complete, transparent, and comprehensive information which include the financial report, general information, as well as other relevant information which could affect its share price. The distribution of the aforementioned news and information distribution of the aforementioned news and information is for investors and related parties' information through the various information distribution media channels of the Stock Exchange of Thailand and the Company's website. [www.mpictures.co.th/mpic/investors]

16. Overseeing Usage of Internal Information

The company oversees usage of internal information by stipulating a policy as follows:

- Executives including their spouse, children under legal age, are prohibited from buying and selling shares of the company. In case information comes to the knowledge of an executive about an adverse affect on purchase and sale of the company's asset, he will notify an executive of high level only and such information will be revealed to the employees only as necessary for their work performance.
- Executives including their spouses, children under legal age are to report any change of security holding to the Securities Exchange Commission and the Stock Exchange of Thailand within 3 working days, from the occurrence date of purchase and sale, under Section 59 of Securities and Stock Exchange Act, B.E. 2535 (A.D.1992)

INTERNAL CONTROL

The Company's Audit Committee through the Internal Audit Department has supervised and reviewed the efficiency, adequacy, and appropriateness of the Company's internal control system in various aspects, and if any serious defect or abnormality is discovered, then this must be reported to the Company's Board of Directors for swift improvement and rectification.

The Board of Directors and Management term are responsible for the Company in remaining the Company's internal control system. In the Board of Directors' Meeting No.1/2019 hold on February 13, 2019 which the Independent Directors and the Audit Committee attended, considered and evaluated the adequacy of the Company's Internal Control System in 5 aspects as follows;

1. Organization and environmental conditions

The Board of Directors concerned on express and evaluated determination of business target, which shall guides the operation of employees. There are frequent reviews the target by consideration of operation possibility. Manages the organization structure to support and conform to operations of Management Team. The Company sets the express rule practices for conflict of interest transaction and also imposes punishments in case the breaking. The Company sets the express rule practices for conflict of interest transaction and also imposes punishments in case the breaking. The Company set the operation guideline in writing for financial and purchasing and also general managing transactions for all employees in order to prevent corruption. The Company is including determines policies and operation plans by taking into consideration of equality of business partners and long-term benefits of the Company.

2. Risk management

Management Team has frequently and cautiously considered with analyzing all risks which may effect to the Company, and also provided the Company the internal audit team to monthly report auditing results to the Audit Committee. Moreover, the Board of Director appointed Executive Committee to monitor and consider risks of the Company with giving opinions and resolution of such risk reduction to the Board of Directors.

3. Supervision of executive performance

The Company has proper limited the scope of duties, responsibilities and approval authorities of executives set cautiously the procedures of related transaction with the major shareholders, directors, executives, or related parties, by consideration base on the highest benefit of the Company and with agreement of the Audit Committee and approval of the Board of Directors.

4. Information system and communication

The Company provides adequate information for support the decisions on agendas contained in meeting of the Board of Directors by sending information at least 7 days before each Meeting. And there are also recording questions and directors' opinions in every minutes of meeting. The Company keeps in categories of corporate and the company's documents. Management Term applies standard and acceptable accounting policy which is conforming to the nature of the Company's business.

5. Follow up process

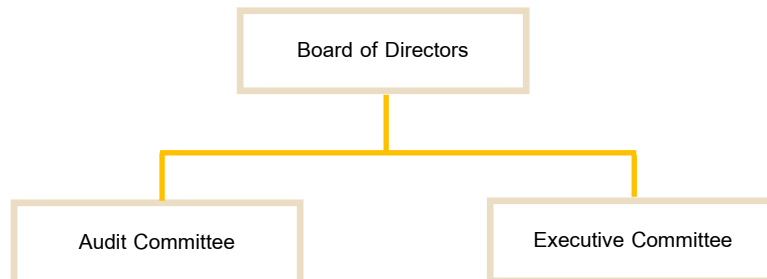
The Company frequently compares business targets of the Company with operation results, and makes report to the Board of Directors. Moreover, the Company provides the internal auditing which will directly report to the Audit Committee.

The Board of directors and the Audit Committee of the Company are agree with Auditor who has reviewed the efficiency of the Company and Group's internal control, that the Company and subsidiaries have adequate and appropriate internal control systems fit to nature of the Company and subsidiaries business, which are capable in protection of the Company's assets from executives' misuse or insufficient authorized usage. No significant defect was found in the accounting internal control system which would require the financial auditor's comments to be included in the 2018 financial statements.

In addition, the Company's Board of Directors also stressed the development of corporate governance system in order that the internal control system will be continuously and further improved.

CORPORATE MANAGEMENT STRUCTURE

Corporate Management Structure of the Company consists of 3 committees, namely the Board of Directors, Audit Committee and Executive Committee with an Executive Management Team. The scope of work and authority of each committee are as following:



1. Board of Director

As of December 31, 2017, there were Directors in the Board of Directors as namely below;

1	Mr. Tirachai Vutithum	Independent Director/Chairman of the Board of Director
2	Mr. Vicha Poolvaraluk	Director/Vice Chairman of the Board of Director
3.	Mr. Thanakorn Puriwekin	Director/Chief Executive Officer
4	Mr. Thanachai Santichaikul	Independent Director/Chairman of the Audit Committee
5	Mr. Attapon Chodchoy	Independent Director/ Audit Committee
6.	Mr. Vachara Tuntarianond	Independent Director/Audit Committee
7	Ms. Thiatpat Issapornpat	Director
8	Mr. Apichart Kongchai	Director
9	Mr. Apirak Varachanonth	Director

Ms. Thitapat Issarapornpat is acting on behalf of Company Secretary.

Directors authorized to sign binding the Company consist of Mr. Vicha Poolvaraluk, Mr. Thanakorn Puriwekin and Ms. Thitapat Issarapornpat two of these three directors' together sign and affix the Company's seal. From the above Board of Directors' structure, the Company's ratio of non-executive to executive directors is 6 to 3 which is more than half of the total number of directors.

ROLE AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

1. To perform its duty in overseeing the Company's business operation, that it is in line with the law, the Company's objectives, the Articles of Association, and the shareholders' resolution, with honesty, integrity, and caution.
2. To set the Company's strategy, direction, and operational plan, and supervise that the management performs in accordance with the Company's policy and objectives in the most efficient manner.
3. To consider important issues such as investment in new projects, acquisition and disposal of assets in line with SET regulations, as well as other regulations.
4. To review the performance results, the financial report, audit of accounts, and to follow up on the management's performance.
5. To consider issues, and make proposals for the shareholder's meeting approval, with caution and prudence.
6. To oversee and ensure that problems with regard to conflict of interest do not arise amongst the Company's stakeholders.
7. To supervise and ensure that the operation proceeds in line with good code of ethics.

2. Audit Committee

As of 31 December 2017, the Audit Committee consisted of 3 directors as follows:

- | | | | |
|----|---------------|---------------|--|
| 1. | Mr. Thanachai | Santichaikul | Independent Director and Chairman of the Audit Committee |
| 2. | Mr. Attapon | Chodchoy | Independent Director and Audit Committee |
| 3. | Mr. Vachara | Tuntariyanond | Independent Director and Audit Committee |

Mr. Nipon Sunthrajarn served as Secretary to the Audit Committee.

ROLE AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

1. Reviews that the Company's financial report is correct and complied with acceptable accounting standard, and adequate financial information disclosure.
2. Reviews and ensures that the Company's internal control and internal audit systems are appropriate and effective. Moreover, considers and approves of appointment, removal, termination of head of internal audit or other of which related to internal auditing.
3. Reviews and ensures that the Company abides by the SEC and SET rules and regulations, or other regulations related to the Company's business.
4. Considers, selects, and proposes the appointment and remuneration of the Company's financial auditor.
5. Considers, reviews, and provides comments including the comprehensive and accurate disclosure of Company information in the event of related transactions or those that may give rise to conflicts of interest to ensure that such related transaction or conflict of interest transaction are acceptable reasonably and make the highest benefits to the Company.
6. Prepares Audit Committee report with signature of the Chairman of the Audit Committee and discloses in Annual Report of the Company. The report shall be at least consisted of information as listed below;
 - (a) Opinions of accuracy, completeness, and trustable of the Company's financial reports
 - (b) Opinions of sufficiency of the Company' internal control system
 - (c) Opinions of compliance of the Securities and Exchange law, the Stock Exchange's regulations, and other related laws
 - (d) Opinions of suitability of auditors
 - (e) Opinions of related and conflict of interest transaction
 - (f) Numbers of the Audit Committee Meeting and attending of each Audit Committee
 - (g) General opinions and or suggestions on conducting duties under Charter
 - (h) Other matters in scope of duties and responsibilities assigned by the Board of Director which are considered that they should be disclosed to shareholders and investors

7. Examines and ensures that the Company has proper and effective risk management systems.
8. Reviews and comments on the internal audit plan, the Internal Audit operation, and coordinates with the financial auditor.
9. In performing its work responsibilities, the Audit Committee is authorized to invite the relevant management, executives, or staffs of the Company to provide opinions, attend meetings, or submit documents as see the Audit Committee sees fits.
10. Prepares the Audit Committee's report on corporate governance.
11. Reports the Audit Committee's performance to the Company's Board of Directors at least 4 times per year.
12. Authorized to hire consultants or outside parties according to the Company's regulations to provide comments or give advice in cases as deemed necessary.
13. Responsible for the Board of Directors on assignments and shall report performances with suggestions in result of auditing to the Board of Directors at least 2 times per

3. Executive Committee

As of 31 December 2018, the Company's Executive Committee was consisted of 3 persons as below:

1. Mr. Thanakorn Puriwekin
2. Mr. Vicha Poolvaraluk
3. Ms. Thitapat Issarapornpat

ROLE AND RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE

1. Manages and controls performance of the Company to the pointed direction by alertness, honesty, and follows the policy of the Board of Directors, and considers and report as assigned by the Board of Directors.
2. Considers the plan of the Company to contend in local and international stage.
3. Plans and considers cash management for cutting financial liability and forming good financial structure.
4. Plans and considers the approach strategy for good and sustainable image of the Company.
5. Operate by assignment of the Board of Directors.
6. Operates and manages the Company's business in accordance with laws, objectives and regulations of the Company.

4. Executive Management Team

As of 31 December 2018, Executive team of Companies consists of 6 executives as follows:

1. Mr. Thanakorn Puriwekin Chief Executive Officer
2. Mr. Pornchai Wongsriudompor Chief Operation Officer
3. Mr. Thep Anuttassanakul Executive of MVD Co., Ltd.
4. Mr. Kan Thanyapraneedkul Executive of Metacognition Co., Ltd.

Scope of operation approval authority Board of Director and Management Team

The Company has authorized financial approval limits for executives according to different types of transaction as follows:

- Management Team was authorized to approve financial limit in amount of not exceed of 10 million baht
- Manager level has no power to approve any financial amount.

For any project that is exceeded of 10 million baht must be required approval of the Board of Directors. In practice, however, any investments or negotiation on beneficial rights of the Company's business will be reported to the Board of Directors by the Management team before taking any actions, even if the transaction value is within the approved authority limit of the Management Team.

BOARD OF DIRECTORS' MEETING

The Company's Board of Directors schedules meetings in advance throughout the year. Additional meetings may be held to consider various important issues as urgently required and as deemed appropriate. Each meeting agenda consists of the consideration of the Company's policy, new investment projects, quarterly financial statements, as well as the financial report, and follow up of the Company's performance. The Secretary of the Board of Directors is responsible for confirming each meeting date, or making a new appointment date in the case of postponement from the original date, or calling an urgent meeting, and will also prepare and dispatch supporting documents to the directors. Each meeting generally lasts about 2 hours, and every director can freely express his opinions, and propose operational guidelines. Moreover, the Secretary to the Company's Board of Directors' duty is to take notes, and prepare the minutes of the meeting within 14 days, and to send the minutes which have been endorsed by the Company's Board of Directors, as well as file all minutes and supporting documents related to the Directors' meeting, ready for any review to be undertaken by the Board of Directors, shareholders, financial auditor, and related parties.

In 2018, the following meetings were hold:

Board of Directors' Meeting	4	times
Audit Committee's Meeting	4	times
Annual General Shareholders' Meeting	1	time

No.	Name		Board of Director Meeting	Audit Committee Meeting	Annual General Meeting
1	Mr. Tirachai	Vutithum	3/4	-	/
2	Mr. Vicha	Poolvaraluk	4/4	-	-
3	Mr. Thanakorn	Puriwekin	4/4	-	/
4	Mr. Thanachai	Santichaikul	4/4	4/4	/
5	Mr. Attapon	Chodchoy	4/4	4/4	/
6	Mr. Vachara	Tuntariyanond	4/4	4/4	/
7	Ms. Thitapat	Issarapornpat	4/4	-	/
8	Mr. Apichart	Kongchai	4/4	-	-
9	Mr. Apirak	Varachanonth	4/4	-	/

DEFINITION OF INDEPENDENT DIRECTOR

“Independent director” means fully qualified persons with independence as determined by the Stock Exchange of Thailand as followed;	
1. Amount and elements of Independent Director shall have at least 1/3 of the Board of Directors and shall not less than 3 independent Director	6. Do not be director of other listed company in group.
2. Hold shares not exceed 0.5% of total voting right shares of the Company and also are included of shareholding of related parties.	7. Do not be management team, employee or advisor which regularly receives salary from the company, subsidiaries, or major shareholders.
3. Within preceded 2 years until present, shall not be participated in business management and controllable	8. Do not be benefit person whether directly or indirectly, in aspects of both financial and management of the company and subsidiaries.
4. Within preceded 2 years until present, shall not be in business relationship with the persons below;	9. There no relation with the executives or major shareholders.
- Auditor: Strict prohibition	10. Do not be agent on caring benefit of directors, major shareholders, shareholder which is related to major shareholder.
- Other Professional Service Provider: Transaction value exceeds of 2 million baht/year	Real independence of the independent directors indicates good governance of the company, and the appointed independent director performs strictly comply with the foregoing rules. Especially, the independent directors can perform their duties, and give opinions or report operation results on assignment independently, regardless of any benefit concerning their assets and positions, and are forced neither influence of any group nor any pressure in giving opinions.
Exceptions: Transactions were considered necessary and irregular with unanimous approval of the Board of the Company. The Company shall disclose such transaction in Form 56-1 and Annual Report and Invitation of Shareholders’ Meeting.	
5. Do not be bloody relation, legislative relation, agent of executives or major shareholders, as well as being not	

REMUNERATION OF THE BOARD OF DIRECTORS, EXECUTIVES AND STAFFS COST

Remuneration of the Board of Directors

The Company has set an appropriate level of remuneration for its directors and executives relative to other companies in the same business sector.

Monetary Remuneration

The remunerations of 9 Board of Directors totaled 2,160,000 baht in the form of remuneration and meeting allowances:

No	Name of Board of Directors		Amount (Baht)
1	Mr. Tirachai	Vuttithum	265,000
2	Mr. Vicha	Poolvaraluk	315,000
3	Mr. Thanakorn	Puriwekin	215,000
4	Mr. Thanachai	Santichaikul	370,000
5	Mr. Attapon	Chodchoy	260,000
6	Mr. Vachara	Tuntariyanond	260,000
7	Ms. Thitapat	Issarapornpat	215,000
8	Mr. Apichart	Kongchai	125,000
9	Mr. Apirak	Varachanonth	135,000

Non-monetary Remuneration: No

Remuneration of Executives and Staffs

As of December 31, 2018, there are 87 employees (Executives and Staffs) in the Company and subsidiaries as detailed follows

บริษัท	จำนวน (คน)
1. Executives and Staffs of M Pictures Entertainment Plc.	20
2. Executives and Staffs of M Pictures Co.,Ltd.	29
3. Executives and Staffs of M V D Co.,Ltd.	7
4. Executives and Staffs of M Thirty Nine Co.,Ltd.	-
5. Executives and Staffs of M Taleny Co.,Ltd. (Previous Name: Talent One Co.,Ltd.)	-
6. Executives and Staffs of Pacific Media Sales Co.,Ltd.	-
7. Executives and Staffs of Metacognition Co.,Ltd.	11
รวม	67

As at end of 2018, total remuneration featuring with salary, providence fund and other welfares of all executives and staffs of the Company and subsidiaries is approximately THB 52.04 million.

AUDIT FEE

In the 2018, the Company and its subsidiaries paid an audit fee to the auditor's audit firm, to individuals or related parties which related with auditor and audit firm, totaling 4,331,000 baht.

Company	Amount (Baht)
M Pictures Entertainment Plc.	2,350,000
M Pictures Co., Ltd.	580,000
M V D Co., Ltd.	250,000
Pacific Media Sales Co., Ltd.	20,000
M Thirty Nine Co., Ltd.	525,000
M Talent Co., Ltd (Previous name: Talent One Co.,Ltd)	180,000
Major Kantana Broadcasting Co., Ltd.	275,000
Metacognitions Co., Ltd.	60,000
Joint Venture Bikeman	91,000
TOTAL	4,331,000

Non- Audit fee

The Company and its subsidiaries did not make use of any additional services from the auditor, auditor's audit firm, individuals or related parties who related with auditor or auditor's audit firm.

MAJOR SHAREHOLDERS

Information as of 31 January, 2019

	Name	Shares	%
1.	Major Cineplex Group Plc.	1,202,130,480	92.46
2.	Mrs. Pornapat Ongvasith	17,620,800	1.36
3.	Mr. Varut Tantipiphob	11,664,600	0.90
4.	Ms. Sasithorn Ake-Attasit	7,680,000	0.59
5.	Ms. Supitsara Chatkul na Ayuttaya	6,960,400	0.54
6.	Ms. Pranee Chuachetton	6,772,000	0.52
7.	Mrs. Poonatree Sawangwongsakul	6,158,400	0.47
8.	Mr. Chairat Saetung	5,380,000	0.41
9.	Mrs. Surang Preampri	5,000,000	0.38
10.	Mr. Pattanachai Saisawangphan	1,890,000	0.15

CONNECTED TRANSACTIONS

Person/ Juristic person who may have conflict of interest	% of Ownership interest	Type of transaction	Amount (MB)	Detail/Condition
Major Cineplex Group Plc.	92.46% direct holding	Revenue		
		1.Theatrical revenue sharing	36.32	Revenue sharing from theatrical release. This is a normal business transaction.
		2. Advertising	0.37	This is a normal business transaction.
		Expense		
		1. Advertising	0.88	This is a normal business transaction.
		2. Rental and services	0.56	Rental space and services for company's office.
		Accounts receivable	0.12	This is a normal business transaction.
		Accrued income	6.13	This is a normal business transaction.
		Receivables to related parties	0.01	This is a normal business transaction.
		Deposit	1.25	This is a normal business transaction.
		Accounts payable	1.99	This is a normal business transaction.
		Payables to related parties	24.30	This is a normal business transaction.

Person/ Juristic person who may have conflict of interest	% of Ownership interest	Type of transaction	Amount (MB)	Detail/Condition
Major Kantana Broadcasting Co.,Ltd.	Joint ventures with 44.99% holding	Revenue		
		1. Management fee	0.48	This is a normal business transaction.
		2. Distribution fee	0.97	This is a normal business transaction.
		3. Interest	0.01	This is a normal business transaction. Interest rate 1% per year
		Accounts receivable	0.03	This is a normal business transaction.
		Accrued income	0.26	This is a normal business transaction.
		Receivables to related parties	0.05	This is a normal business transaction.
		Payables to related parties	3.68	This is a normal business transaction.
Transformation Films Co.,Ltd	Joint ventures with 34.69% holding	Revenue		
		1. Management fee	0.36	This is a normal business transaction.
		2. Distribution fee	0.64	This is a normal business transaction.
		3. Interest	0.12	This is a normal business transaction. Interest rate 2.98% and 4.12%per year.
		Expense		
		1. Advertising	0.16	This is a normal business transaction.
		Accrued income	0.91	This is a normal business transaction.
		Receivables to related parties	3.27	This is a normal business transaction.
		Accounts payable	5.62	This is a normal business transaction.
		Payables to related parties	2.57	This is a normal business transaction.

Person/ Juristic person who may have conflict of interest	% of Ownership interest	Type of transaction	Amount (MB)	Detail/Condition
MVP M-Pictures Film Distribution (Lao) Co.,Ltd.	Joint ventures with 40% holding	Revenue		
		1. Distribution fee	1.19	This is a normal business transaction.
		2. Interest	0.02	This is a normal business transaction. Interest rate 4.6 % per year.
		Accounts receivables	2.76	This is a normal business transaction.
		Receivables to related parties	0.02	This is a normal business transaction.
Joint Venture Sang Krasue	30% indirect holding through M Pictures Co.,Ltd. (MPIC's subsidiary)	Revenue		
		1. Management fee	0.03	This is a normal business transaction.
		2. Other income	1.23	This is a normal business transaction.
Joint Venture Bikeman	70% indirect holding through M Thirty Nine Co.,Ltd. (MPIC's subsidiary)	Revenue		
		1. Management fee	0.01	This is a normal business transaction.
		2. Distribution fee	1.41	This is a normal business transaction.
		3. Advertising	1.04	This is a normal business transaction.
		4. Other income	0.93	This is a normal business transaction.
		Accounts receivable	0.30	This is a normal business transaction.
		Accrued income	0.60	This is a normal business transaction.
		Receivables to related parties	0.84	This is a normal business transaction.
EGV Entertainment Plc.	Associate with Major Cineplex Group Plc.	Revenue		
		1. Theatrical revenue sharing	6.71	Revenue sharing from theatrical release. This is a normal business transaction.

Person/ Juristic person who may have conflict of interest	% of Ownership interest	Type of transaction	Amount (MB)	Detail/Condition
		Expense		
		1. Other Expense	0.01	This is a normal business transaction.
		Accounts receivable	0.01	This is a normal business transaction.
		Accrued income	1.09	This is a normal business transaction.
		Accounts payable	0.01	This is a normal business transaction.
Siam Cineplex Co.,Ltd.	Associate with Major Cineplex Group Plc.	Revenue		
		1. Theatrical revenue sharing	2.80	Revenue sharing from theatrical release. This is a normal business transaction.
		2. Advertising	0.03	This is a normal business transaction.
		Accounts receivable	0.02	This is a normal business transaction.
		Accrued income	0.15	This is a normal business transaction.
Bangkok Imax Theatre Co.,Ltd.	Associate with Major Cineplex Group Plc.	Revenue		
		1. Advertising	0.36	This is a normal business transaction.
Major Cine Ad Co.,Ltd.	Associate with Major Cineplex Group Plc.	Revenue		
		1. Advertising	40.00	Movie advertising income. This is a normal business transaction.
Major Bowl Group Co.,Ltd.	Associate with Major Cineplex Group Plc.	Other payable	0.06	This is a normal business transaction.
CJ Major Entertainment Co.,Ltd.	Associate with Major Cineplex Group Plc.	Revenue		
		1. Distribution fee	0.05	This is a normal business transaction.
Thaiticker Major Co.,Ltd.	Associate with Major Cineplex Group Plc.	Revenue		
		1. Distribution fee	0.02	This is a normal business transaction.

OPERATION HIGHLIGHT

The Consolidated performance of M Pictures Entertainment Plc. and subsidiaries within 3 years in the below table:

Financial Statement Information	December 31,2018	December 31,2017	December 31, 2016	Percentage of Change	
				2018-2017	2017-2016
Total Assets	823	683	959	20.5	(28.8)
Total Liabilities	319	154	266	107.1	(42.1)
Shareholder Equity	504	529	693	(4.7)	(23.7)
Registered Capital	1,313	1,315	1,315	(0.2)	-
Paid-Up Capital	1,300	1,300	1,300	-	-
Total revenues	350	366	496	(4.4)	(26.2)
Total Expenses	375	529	581	(29.1)	(9.0)
Net Profit (Loss)	(25)	(163)	(85)	(84.7)	91.8
Earning (Loss) per share (Baht)	(0.02)	(0.12)	(0.06)	83.3	(100.0)

Financial Ratio

Financial Statement Information	December 31, 2018	December 31, 2017	December 31, 2016
Return on Total Revenue (%)	(7.1)	(44.5)	(17.1)
Return on Shareholder's Equity (%)	(5.0)	(30.8)	(12.3)
Return on Total Assets (%)	(3.0)	(23.9)	(8.9)
Book Value per Share (Baht)	0.39	0.41	0.53

MANAGEMENT DISCUSSION & ANALYSIS

Operation results of the Company and subsidiaries

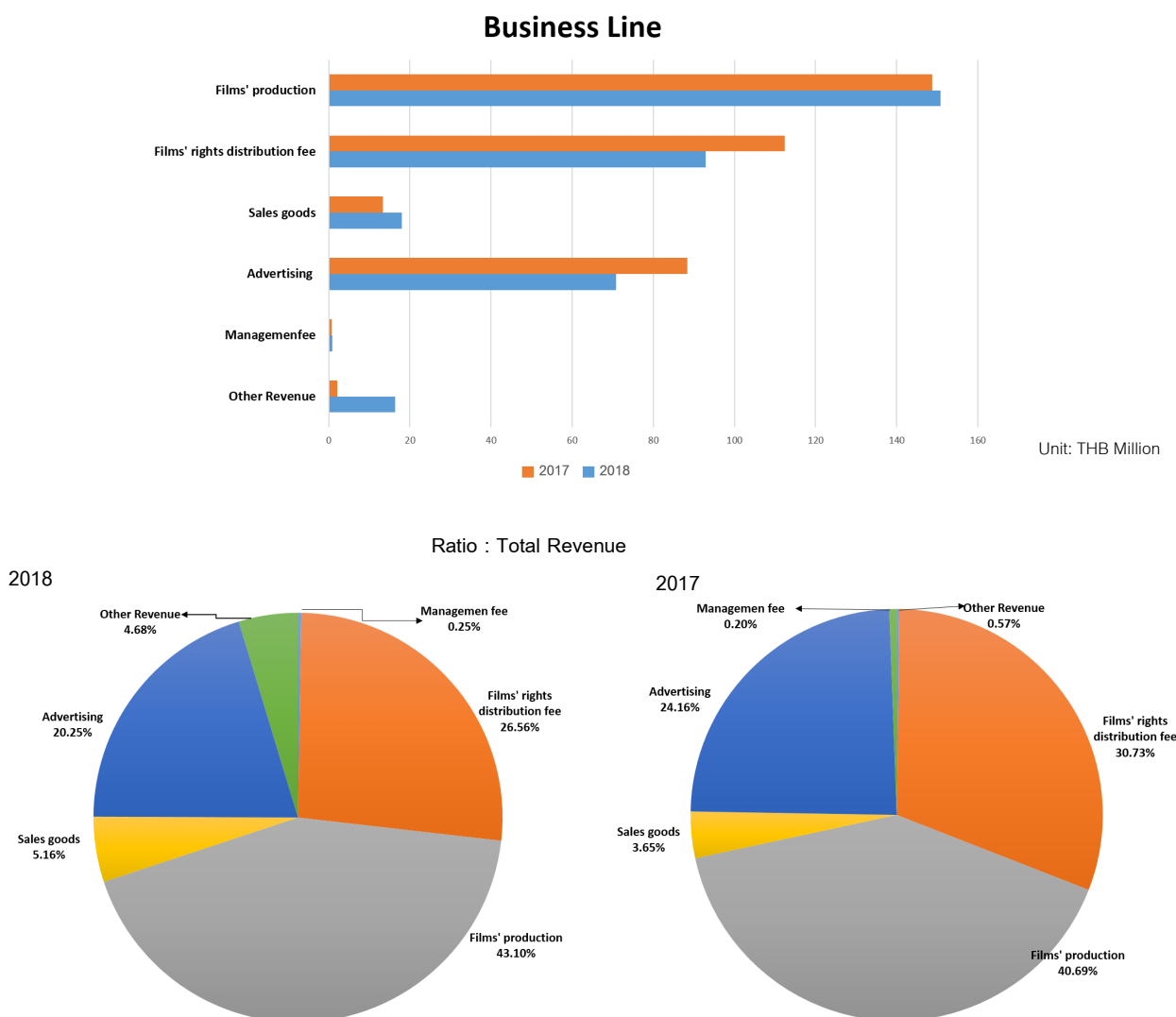
The Group generated loss in 2018 and 2017 in amount of THB 24.99 million and THB 163.27 million respectively.

Total revenues were recorded at Baht 349.78 million, main revenue in amount of Baht 0.88 million from management service fee, Baht 92.89 million film rights distribution, Baht 150.75 million from film production, Baht 18.06 million from selling goods, and Baht 70.82 million from advertising, representing 0.25%, 26.56%, 43.10%, 5.16% and 20.25% of total revenues respectively. Compared with 2017, the total revenues decreased about 8.30%.

Total expenses became lower about 29.15% from Baht 528.95 million in 2017 to Baht 374.77 million in 2018 because Costs of production and services decreased from Baht 228.52 million to Bath 173.17 million or 24.22% and selling and administrative expenses decreased from Baht 300.43 million to Baht 201.60 million or 32.90%.

Revenues

The Group's total revenues in 2018 was Baht 333.40 million which decreased about Baht 30.19 million or 8.30% from the previous year, which could be broken down by line of business in the below:



Film rights Distribution has decreased in revenues by Baht 19.49 million or 17.34% because the movies released in theaters in 2018 were not blockbuster affecting to generate less revenue than 2017 .

Film production business the revenues increased by Baht 1.94 million or 17.34% from 2017 because the year 2018, films generated more revenue than the films in 2017.

Sales goods has increased in revenue by Baht 4.71 million or 35.28% because in 2018 the subsidiary sold goods through more online channels.

Advertising revenues in 2018 recorded decrease of Baht 17.51 million or 19.82% because in the year 2018, we sold less media in Thai and international movies.

Costs of Production and Services and Gross Profit Margin

The Group's costs of production and services decreased from Baht 228.52 million to Baht 173.17 million or Baht 55.35 million or 24.22% because cost of films' rights distribution has decreased which affected to revenue in its sector.

Selling and Administrative Expenses

Selling and administrative expenses became lower by Baht 98.83 million or 32.90% from Baht 300.43 million in 2017 to Baht 201.60 million in 2018 caused by effectiveness to control cost and expenses.

Financial Result of the Company and Group

Asset

As of December 31, 2018, the Group had total assets of Baht 822.59 million increasing from December 31, 2017 of Baht 139.15 million or about 20.36%. The assets were composed of the following items:

Assets	As of December 31		Increase (decrease)		% of total asset	
	2018	2017	Amount	%	2018	2017
Cash and cash equivalent	42.45	73.55	(31.10)	(42.28)	5.16	10.76
Accounts receivable / other receivables- net	255.50	140.15	115.35	82.30	31.06	20.51
Short term loan to related company	1.31	5.00	(3.69)	(73.80)	0.16	0.73
Inventory-net	4.45	2.58	1.87	72.48	0.54	0.83
Film on Production	192.19	178.36	13.83	7.75	23.36	26.10
Other current assets	23.50	28.47	(4.97)	(17.46)	2.86	4.17
Investments in associated company	10.46	-	10.46	100.00	1.27	0.00
Investments in joint venture-net	71.94	34.17	37.77	110.54	8.75	5.00
Building and equipment - net	4.39	11.39	(7.00)	(61.46)	0.53	1.67
Goodwill - net	139.14	139.14	-	-	16.91	20.36
Computer program-net	0.71	0.42	0.29	69.05	0.09	0.06
Film rights - net	57.39	54.15	3.24	5.98	6.98	7.92
Other non - current assets	19.16	16.06	3.10	19.30	2.33	2.35
Total Asset	822.59	683.44	139.15	20.36	100.00	100.00

Cash and cash equivalents decreased from December 31, 2017 in sum of Baht 31.10 million or 42.28 because the company has paid short-term loan to financial banking.

Accounts receivable and other receivables – net increased Baht 115.35 million or 82.30% from 2017 because there were movies releasing in the quarter 4/2018 and recorded as accrued income.

Films on production increased in amount of Baht 13.83 million or 7.75% from December 31, 2017. the Company's plan to continuous releasing movies in the theater and produced more movies also.

Investments in associated companies increased in amount of Baht 10.46 million or 100% from December 31, 2017 because of investment in Joint Venture Sang Krasue with the partners in the portion of 30%. The film will be released in 2019.

Investments in joint venture-net increased from December 31, 2017 by Baht 37.77 million or 110.54% because of the right offering in the associated companies to acquire films rights and to produce Thai films for distribution.

Liabilities and Equity of Shareholders

Liabilities and Equity of Shareholders	December 31		Increase (decrease)		% of liabilities per Equity of Shareholders	
	2018	2017	Amount	%	2018	2017
Short-Term Loan and OD from Financial Institutes	19.99	60.00	(40.01)	(66.68)	2.43	8.78
Accounts Payable and other payable	283.92	81.93	201.99	246.54	34.52	11.99
Other Current Liabilities	9.66	7.07	2.58	36.49	1.17	1.03
Other Non-Current Liabilities	5.42	5.01	0.41	8.18	0.66	0.73
Total Liabilities	318.99	154.02	164.97	107.11	38.78	22.54
Equity of Shareholders	503.60	529.44	(25.84)	(4.88)	61.22	77.47
Total Liabilities and Equity of Shareholders	822.59	683.44	139.15	20.36	100.00	100.00

Overdrafts and short-term loans from financial institutions are the normal transaction of films rights distribution business funding sources to meet the Group's working capital, the outstanding balance as of December 31, 2018 decreased from 2017 by Baht 40.01 million or 66.68% due in 2018 the Company had paid back the partial loan to financial banking.

Shareholders' equity as of year-end 2018 decreased in sum of Baht 25.84 million or 4.88% resulting from revenues of the company generated loss in 2018.

Accounts payable and other payable increased from December 31, 2017 by Baht 201.99 million or 246.54% from

Analysis of Financial Ratios:

	December 31, 2018	December 31, 2017	December 31, 2016
Current Ratio (times)	1.66	2.87	2.64
Receivable Turnover (times)	2.24	2.25	1.85
Average Collection Period (days)	163	162	196
Total Assets Turnover (times)	0.41	0.53	0.51
Total Debt to Equity Ratio (times)	0.63	0.29	0.38

Remark; Receivable Turnover and Average Collection Period; The Group normally grants a credit term of around 90-180 days.



M Pictures Entertainment Public Company Limited

234 Suzuki Avenue Building (Ratchayothin), 13th Floor, Ratchadapisek Road, Ladao, Jatuchak, Bangkok 10900

Tel. 0 2512 0300 Website <http://www.mpictures.co.th>

M PICTURES ENTERTAINMENT PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2018

Audit Committee's Report

Over the past 2018, the Audit Committee of M Pictures Entertainment Plc. is comprised of 3 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 transaction which having conflict of interest. Moreover, the Audit Committee is consultant on risk management, internal control, sufficiency of internal control to the executives.

For the fiscal year 2018, the Audit Committee held 4 meetings. In such meetings, the Committee met external permitted auditor to review financial information and 1 meeting permitted auditor without executive management.

The Audit Committee has audited the management to be complied with SEC/SET's rules and regarding the corporate law, given suggestion about good corporate governance and reviewed the risk management and related transaction in every meetings.

The Audit Committee is of opinion that the internal control system of the Company operated effectively, insurable that the Company's assets were safe-guarded, proper accounting records were maintained, and resources were utilized efficiently. The Audit Committee has reviewed quarterly and yearly financial statement of the Company before recommending to the Board of Directors' Meeting. For the financial statement of 2014, the Audit Committee proposed 3 auditors to the Board of Directors namely; Ms. Sakuna Yamsakul, a certified public accountant no. 4906 or Mr. Chanchai Chaiprasit, a certified public accountant no. 3760 or or Mr. Boonlert Kamolchanokkul, a certified public accountant no. 5339. For the financial statement of 2018, the authorized auditors for the financial statement depend on the approval of the Annual General Meeting of Shareholders 2019 which will be hold on 10 April 2019



(Mr.Thanachai Santichaikul)
Chairman of Audit Committee

Responsibility Statement of the Board to Financial Statement

The Board of Directors is responsible for the Company and consolidated financial statements as well as financial information as disclosed in annual report. The financial statements are prepared according to generally accepted accounting standard in Thailand by applied appropriate accounting policy with nature of the Company's business, controlled and followed up operations closely. Moreover, the Board of Directors appointed Audit Committee from Independent directors who were not executives by consideration based on knowledge, capability, experience, and vision to examine and control quality of the Company's financial statements, controlled in any related transactions or any conflicts of interest to correct operations under related procedures and regulations and also provided effective internal audit office to ensure all related parties the accurate, clear and sufficient of accounting information.

The Board of Director believes that the Company's internal control system is sufficient and be able reasonably ensure that the Company and consolidated financial statement as of December 31, 2018 are trusted.



(Mr. Tirachai Vutithum)
Chairman of the Board



(Mr. Thanakorn Puriwekin)
Chief Executive Officer

Independent Auditor's Report

To the Shareholders and the Board of Directors of M Pictures Entertainment Public Company Limited

My opinion

In my opinion, the consolidated financial statements of M Pictures Entertainment 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 and separate financial position of the Group and of the Company as at 31 December 2018, 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

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2018;
- the consolidated and separate statements of income for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include 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 consolidated and separate 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.

Emphasis of matter

I draw attention to note 2 of the financial statement, which describes the equity and paid-up share capital ratio of the Group, the equity for which is less than 50 percent of the paid-up share capital. This financial ratio has meant that the Stock Exchange of Thailand (SET) has posted a C (Caution) sign on securities of the listed Company. My opinion on the consolidated and separate financial statement is not modified in respect of this matter.

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 determine 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
Goodwill impairment assessment Refer to note 5.1 (Critical accounting estimates and assumptions) and note 17 (Intangible assets, net), the Group's goodwill is recognised based on Cash Generating Units (CGUs) in respect of investment in M Pictures Co., Ltd. net of Baht 139.14 million or 17% of total assets. Management tests the impairment of goodwill annually and calculated its recoverable amount by applying value in use. Management has concluded that there is no additional impairment of goodwill in respect of investment in M Pictures Co., Ltd. as at 31 December 2018. I focused this area due to the size of the goodwill balance which was material to the financial statement and because of the fact that management's assessment of the recoverable amount of the Group's CGUs involves significant judgements about the future results of the businesses, the growth rates and the discount rates applied to future cash flow forecasts. Small changes can have a material impact on the assessed recoverable amount and the impairment charge.	I evaluated management's cash flow forecasts of Cash Generating Units (CGUs) and the process by which they were computed, including verifying the mathematical accuracy of the underlying calculations. I also compared them to the latest management approved budgets. I found that the information in those reports used in the recoverable amount calculations were consistent with approved budgets. Management reviewed the key assumptions, which are the growth rate and discount rate. I compared the current year's (2018) actual results with the prior year's (2017) forecast including underlying assumptions to consider whether any forecasts included assumptions that, with hindsight, had been optimistic. I found that the actual performance was consistent with the forecasted performance and prepared using the same assumptions. I also compared the recoverable amount from the valuation report as recently prepared by an independent financial advisor, as at year end whose report dated 11 February 2019 with the goodwill's book value. I also tested these significant assumptions: 1. the growth rates used in the cash flow forecasts by comparing them to historical results and economic and industry forecasts, and 2. the discount rate used in the model by assessing the weighted average cost of capital of the Group by comparing it to recent market data. I found, based on my audit work, the key assumptions used by management in relation to the recoverable amount calculations appeared reasonable and appropriate.

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:

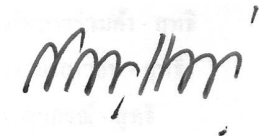
- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. 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 and separate 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.

A handwritten signature in black ink, appearing to read 'Sakuna Yamsakul', with a small mark above the final 'l'.

Sakuna Yamsakul
Certified Public Accountant (Thailand) No. 4906
Bangkok
13 February 2019

M Pictures Entertainment Public Company Limited
Statement of Financial Position
As at 31 December 2018

		Unit: Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		31 December	31 December	31 December	31 December
Notes		2018	2017	2018	2017
Assets					
Current assets					
Cash on hand and cash equivalents	8	42,446,077	73,548,621	842,035	20,860,610
Trade and other receivables, net	9	255,500,357	140,145,884	6,177,108	1,776,475
Short-term loans to related parties	30 iv)	1,304,000	5,000,000	192,304,000	547,000,000
Inventories, net	10	4,451,637	2,579,040	-	-
Films under production		192,191,178	178,364,640	-	-
VAT receivables		7,233,767	10,601,986	-	-
Withholding tax deducted at sources		13,613,947	15,864,624	562,121	2,011,029
Other current assets	11	2,654,553	2,002,841	38,929	44,140
Total current assets		519,395,516	428,107,636	199,924,193	571,692,254
Non-current assets					
Investments in subsidiaries, net	12	-	-	238,330,105	560,830,105
Investments in associate	13	10,464,611	-	-	-
Investments in joint ventures, net	14	71,941,795	34,171,149	70,977,074	36,313,173
Other long-term investment, net	15	-	-	-	-
Buildings and equipment, net	16	4,384,638	11,391,312	3,141,569	4,465,597
Goodwill, net	17	139,142,506	139,142,506	-	-
Computer program, net	17	714,555	421,315	232,442	343,685
Film rights, net	17	57,384,963	54,153,064	-	-
Deferred tax assets	22	17,101,165	13,731,833	2,487,109	2,766,589
Other non-current assets, net	18	2,061,063	2,325,563	1,263,815	1,263,815
Total non-current assets		303,195,296	255,336,742	316,432,114	605,982,964
Total assets		822,590,812	683,444,378	516,356,307	1,177,675,218

Director _____

Director _____

The notes on pages 15 to 64 are an integral part of these consolidated and separate financial statements.

M Pictures Entertainment Public Company Limited

Statement of Financial Position (Cont'd)

As at 31 December 2018

		Unit: Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		31 December	31 December	31 December	31 December
Notes		2018	2017	2018	2017
Liabilities and equity					
Current liabilities					
Bank overdrafts and short-term borrowings					
from financial institutions	20	19,992,753	60,000,000	-	-
Trade and other payables	19	283,924,916	81,928,253	4,695,970	2,285,506
Current portion of liability					
under finance lease		77,548	221,426	77,548	221,426
Undue output VAT		2,770,422	1,127,749	-	-
Provision for sales return		1,945,058	1,945,058	-	-
Other current liabilities		4,860,920	3,771,880	159,582	278,896
Total current liabilities		313,571,617	148,994,366	4,933,100	2,785,828
Non-current liabilities					
Liabilities under finance lease		-	77,548	-	77,548
Employee benefit obligations	21	5,121,684	4,936,321	3,172,221	2,196,682
Other non-current liabilities		300,000	-	-	747,000
Total non-current liabilities		5,421,684	5,013,869	3,172,221	3,021,230
Total liabilities		318,993,301	154,008,235	8,105,321	5,807,058

The notes on pages 15 to 64 are an integral part of these consolidated and separate financial statements.

M Pictures Entertainment Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2018

		Unit: Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		31 December	31 December	31 December	31 December
Notes		2018	2017	2018	2017
Liabilities and equity (Cont'd)					
Equity					
Share capital					
Authorised share capital	23				
1,313.11 million ordinary shares					
of par Baht 1 each					
(2017: 1,315.33 million					
ordinary shares)		1,313,117,176	1,315,337,205	1,313,117,176	1,315,337,205
Issued and fully paid-up share capital					
1,300.11 million ordinary shares					
of par Baht 1 each					
(2017: 1,300.11 million					
ordinary shares)		1,300,119,176	1,300,119,176	1,300,119,176	1,300,119,176
Share premium	23	453,981,276	453,981,276	453,981,276	453,981,276
Surplus from business combination under					
common control		(20,106,431)	(20,106,431)	-	-
Retained earnings (deficits)					
Appropriated - legal reserve	25	3,813,156	3,813,156	3,813,156	3,813,156
Unappropriated		(1,213,907,104)	(1,187,694,446)	(1,254,200,285)	(590,583,111)
Other components of equity		(22,181,016)	(777,310)	4,537,663	4,537,663
Equity attributable to owners of the parent		501,719,057	549,335,421	508,250,986	1,171,868,160
Non-controlling interests		1,878,454	(19,899,278)	-	-
Total equity		503,597,511	529,436,143	508,250,986	1,171,868,160
Total liabilities and equity		822,590,812	683,444,378	516,356,307	1,177,675,218

The notes on pages 15 to 64 are an integral part of these consolidated and separate financial statements.

M Pictures Entertainment Public Company Limited

Statement of Income

For the year ended 31 December 2018

		Unit: Baht			
		Consolidated		Separate	
		financial statements		financial statements	
Notes		2018	2017	2018	2017
Revenues					
		882,000	720,000	12,910,000	16,320,000
Management fee income					
Revenues from films production and					
film rights distribution		243,642,575	261,185,717	-	-
Sales of goods		18,059,434	13,347,872	-	-
Advertising income		70,819,683	88,333,553	4,050,000	-
Total revenues		333,403,692	363,587,142	16,960,000	16,320,000
Cost of sales and services					
Cost of film production and film rights sold		145,619,929	214,932,576	-	-
Cost of goods sold		15,168,567	9,487,046	-	-
Cost of advertising		12,378,194	4,097,395	-	-
Total cost of sales and services		173,166,690	228,517,017	-	-
Gross profit		160,237,002	135,070,125	16,960,000	16,320,000
Other income		16,375,578	2,091,379	12,039,510	20,201,968
Selling expenses		(67,172,645)	(85,944,378)	(1,832,708)	(200,000)
Administrative expenses		(112,273,190)	(197,641,019)	(357,749,670)	(27,069,885)
Loss from impairment of investments					
in subsidiaries	12	-	-	(322,500,040)	-
Loss from impairment of investments					
in joint venture	14	-	-	(9,336,079)	-
Finance costs	27	(3,229,083)	(5,140,045)	(14,830)	(48,515)
Share of loss of associate					
and joint ventures	13, 14	(6,242,197)	(1,953,984)	-	-
(Loss)profit before income tax		(12,304,535)	(153,517,922)	(662,433,817)	9,203,568
Income tax	28	(12,687,222)	(9,752,103)	(460,255)	(1,662,042)
(Loss)profit for the year		(24,991,757)	(163,270,025)	(662,894,072)	7,541,526
(Loss)profit attributable to:					
Owners of the parent		(25,283,656)	(155,632,345)	(662,894,072)	7,541,526
Non-controlling interests		291,899	(7,637,680)	-	-
		(24,991,757)	(163,270,025)	(662,894,072)	7,541,526
(Loss)earnings per share					
	29				
Basic (loss)earnings per share		(0.02)	(0.12)	(0.51)	0.01
Diluted (loss)earnings per share		(0.02)	(0.12)	(0.51)	0.01

The notes on pages 15 to 64 are an integral part of these consolidated and separate financial statements.

M Pictures Entertainment Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2018

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(Loss)profit for the year	(24,991,757)	(163,270,025)	(662,894,072)	7,541,526
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of post-employment benefit obligations	(1,150,829)	-	(903,877)	-
Income tax on items that will not be reclassified subsequently to profit or loss	221,827	-	180,775	-
Total items that will not be reclassified subsequently to profit or loss	(929,002)	-	(723,102)	-
Items that will be reclassified subsequently to profit or loss				
Currency translation differences	82,167	(36,647)	-	-
Total items that will be reclassified subsequently to profit or loss	82,167	(36,647)	-	-
Other comprehensive income for the year, net of tax	(846,835)	(36,647)	(723,102)	-
Total comprehensive (expense) income for the year	<u>(25,838,592)</u>	<u>(163,306,672)</u>	<u>(663,617,174)</u>	<u>7,541,526</u>
Total comprehensive (expense) income attributable to:				
Owners of the parent	(26,130,491)	(155,668,992)	(663,617,174)	7,541,526
Non-controlling interests	291,899	(7,637,680)	-	-
	<u>(25,838,592)</u>	<u>(163,306,672)</u>	<u>(663,617,174)</u>	<u>7,541,526</u>

The notes on pages 15 to 64 are an integral part of these consolidated and separate financial statements.

M Pictures Entertainment Public Company Limited
Statements of Changes in Equity
For the year ended 31 December 2018

	Unit: Baht											
	Consolidated financial statements											
	Attributable to shareholders of the parent											
						Other components of equity						
	Issued and		Share			Change in			Total			
	fully paid-up	Share	business under	Legal	Unappropriate	parent's	Share of other		other	Total parent's	Non-	
	share capital	premium	common control	reserve	deficits	interest in	income (expense)	of joint venture	component	shareholders'	controlling	Total equity
						Warrants	subsidiaries		of equity	equity	interests	
Opening balance as at 1 January 2017	1,300,119,176	453,981,276	(20,106,431)	3,813,156	(1,032,062,101)	4,537,663	(5,212,261)	(66,065)	(740,663)	705,004,413	(12,261,598)	692,742,815
Changes in equity for the year												
Total comprehensive expense for the year	-	-	-	-	(155,632,345)	-	-	(36,647)	(36,647)	(155,668,992)	(7,637,680)	(163,306,672)
Closing balance as at 31 December 2017	1,300,119,176	453,981,276	(20,106,431)	3,813,156	(1,187,694,446)	4,537,663	(5,212,261)	(102,712)	(777,310)	549,335,421	(19,899,278)	529,436,143
Opening balance as at 1 January 2018	1,300,119,176	453,981,276	(20,106,431)	3,813,156	(1,187,694,446)	4,537,663	(5,212,261)	(102,712)	(777,310)	549,335,421	(19,899,278)	529,436,143
Changes in equity for the year												
Addition investment in subsidiary by purchasing shares from non-controlling interest.	-	-	-	-	-	-	(21,485,873)	-	(21,485,873)	(21,485,873)	21,485,833	(40)
Total comprehensive expense for the year	-	-	-	-	(26,212,658)	-	-	82,167	82,167	(26,130,491)	291,899	(25,838,592)
Closing balance as at 31 December 2018	1,300,119,176	453,981,276	(20,106,431)	3,813,156	(1,213,907,104)	4,537,663	(26,698,134)	(20,545)	(22,181,016)	501,719,057	1,878,454	503,597,511

The notes on pages 15 to 64 are an integral part of these consolidated and separate financial statements.

M Pictures Entertainment Public Company Limited

Statement of Changes in Equity (Cont'd)

For the year ended 31 December 2018

						Unit: Baht
	Separate financial statements					
	Issued and fully paid-up share capital	Share premium	Legal reserve	Unappropriate retained earnings (deficits)	Other components of equity	Total equity
Opening balance as at 1 January 2017	1,300,119,176	453,981,276	3,813,156	(598,124,637)	4,537,663	1,164,326,634
Changes in equity for the year						
Total comprehensive income for the year	-	-	-	7,541,526	-	7,541,526
Closing balance as at 31 December 2017	<u>1,300,119,176</u>	<u>453,981,276</u>	<u>3,813,156</u>	<u>(590,583,111)</u>	<u>4,537,663</u>	<u>1,171,868,160</u>
Opening balance as at 1 January 2018	1,300,119,176	453,981,276	3,813,156	(590,583,111)	4,537,663	1,171,868,160
Changes in equity for the year						
Total comprehensive expense for the year	-	-	-	(663,617,174)	-	(663,617,174)
Closing balance as at 31 December 2018	<u>1,300,119,176</u>	<u>453,981,276</u>	<u>3,813,156</u>	<u>(1,254,200,285)</u>	<u>4,537,663</u>	<u>508,250,986</u>

The notes on pages 15 to 64 are an integral part of these consolidated and separate financial statements.

M Pictures Entertainment Public Company Limited

Statement of Cash Flows

For the year ended 31 December 2018

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
	Notes	2018	2017	2018	2017
Cash flows from operating activities					
(Loss)profit before income tax		(12,304,535)	(153,517,922)	(662,433,817)	9,203,568
Adjustments for:					
Depreciation and amortisation charge	16, 17	175,493,114	227,677,413	1,837,388	1,876,590
Interest income		(247,886)	(514,807)	(11,981,518)	(18,511,464)
Interest expense		3,229,083	5,140,045	14,830	48,515
Bad debt and doubtful accounts	9	-	78,099,548	-	-
(Reversed) allowance for inventory obsolescence and diminution in value of inventories	10	(4,872,650)	2,443,515	-	-
Loss on disposal and write-off of equipment and intangible assets		15,979,662	-	250,000	-
Loss from impairment of investments in subsidiaries	12	-	-	322,500,040	-
Loss from impairment of investments in joint ventures	14	-	-	9,336,079	-
Doubtful account on loan to subsidiary and related interest		-	-	332,348,342	-
(Reversed) loss from impairment of film rights	17	(9,129,042)	(19,956,286)	(250,000)	-
Employee benefits obligations	21	(230,681)	183,182	701,754	204,015
Share of loss from associate and joint ventures	13, 14	6,242,197	1,953,984	-	-
Write off withholding tax		147,301	414,029	1	1,200
Changes in working capital: (excluding the effects of acquisition and disposal of a subsidiary)					
- trade and other receivables		(115,348,169)	49,211,856	(5,099,586)	1,301,391
- inventories		3,000,051	(50,973)	-	-
- films under production		(13,826,538)	42,720,364	-	-
- advances to employees for film production		-	83,933	-	-
- VAT receivables		3,368,219	2,216,880	-	-
- other current assets		(651,712)	2,069,309	5,211	17,233
- other non-current assets		264,500	141,000	-	-
- trade and other payables		192,236,973	(57,650,767)	2,410,464	(516,649)
- undue output VAT		1,642,673	(2,439,567)	-	(82,600)
- other current liabilities		1,089,040	1,043,976	(119,314)	149,959
- other non-current liabilities		300,000	-	(747,000)	-
- employee benefit obligations paid		(630,092)	-	(630,092)	-
Cash flows from (used in) operating activities		245,751,508	179,268,712	(11,857,218)	(6,308,242)
<u>Add</u> Interest received		241,582	500,216	5,332,129	18,961,441
<u>Less</u> Interest paid		(3,229,083)	(5,140,045)	(14,830)	(48,515)
Withholding tax received		11,103,444	23,973,696	2,011,028	238,296
Withholding tax paid		(23,741,097)	(17,794,111)	(562,121)	(812,540)
Net cash flows from (used in) operating activities		230,126,354	180,808,468	(5,091,012)	12,030,440

The notes on pages 15 to 64 are an integral part of these consolidated and separate financial statements.

M Pictures Entertainment Public Company Limited

Statement of Cash Flows (Cont'd)

For the year ended 31 December 2018

		Unit: Baht			
		Consolidated		Separate	
		financial statements		financial statements	
Notes		2018	2017	2018	2017
Cash flows from investing activities					
Purchases of equipment		(704,670)	(1,447,801)	(378,517)	(111,600)
Proceeds from disposals of equipment		733,056	-	-	-
Purchases of intangible assets	17	(498,600)	(5,757)	(23,600)	-
Purchases of film rights	17	(169,725,991)	(199,398,073)	-	-
Short-term loans granted to subsidiaries	30 iv)	-	-	(65,000,000)	(240,800,000)
Short-term loans repaid from subsidiaries	30 iv)	-	-	91,000,000	478,900,000
Short-term loans granted to joint ventures	30 iv)	(10,804,000)	(2,000,000)	(5,804,000)	(2,000,000)
Short-term loans repaid from joint ventures	30 iv)	14,500,000	5,000,000	9,500,000	5,000,000
Proceed from dividend	14 a)	-	4,499,990	-	4,499,990
Purchase of investment in subsidiary	12	(40)	-	(40)	(322,500,000)
Purchase of investments in associate	13	(10,500,000)	-	-	-
Purchase of investments in joint ventures	14	(43,999,980)	-	(43,999,980)	-
Net cash used in investing activities		(221,000,225)	(193,351,641)	(14,706,137)	(77,011,610)
Cash flows from financing activities					
Proceeds (repayment) from bank overdrafts	20	4,992,753	(1,929,941)	-	-
Proceeds from short-term borrowings from financial institutions	20	100,000,000	103,000,000	-	-
Repayments of short-term borrowings from financial institutions	20	(145,000,000)	(148,000,000)	-	-
Repayment of liabilities under finance lease		(221,426)	(205,618)	(221,426)	(205,618)
Net cash used in financing activities		(40,228,673)	(47,135,559)	(221,426)	(205,618)
Net (decrease) increase in cash and cash equivalents		(31,102,544)	(59,678,732)	(20,018,575)	(65,186,788)
Opening balance of cash and cash equivalents		73,548,621	133,227,353	20,860,610	86,047,398
Closing balance of cash and cash equivalents		<u>42,446,077</u>	<u>73,548,621</u>	<u>842,035</u>	<u>20,860,610</u>

The notes on pages 15 to 64 are an integral part of these consolidated and separate financial statements.

M Pictures Entertainment Public Company Limited**Statement of Cash Flows (Cont'd)****For the year ended 31 December 2018**

Non-cash transactions

Significant non-cash transactions for the years ended 31 December 2018 and 2017:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Outstanding payable arising from purchase of equipment	-	47,722	-	-
Outstanding payables arising from acquisition of film rights	9,924,250	1,210,534	-	-

The notes on pages 15 to 64 are an integral part of these consolidated and separate financial statements.

1 General information

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

234 Suzuki Avenue Building (Ratchayothin), 13th floor, Ratchadapisek Road, Ladyao, Jatuchak, 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 Company is a subsidiary of Major Cineplex Group Public Company Limited ("Major").

The Company and its subsidiaries ("the Group") are principally engaged in the business of providing medias, marketing services and distribution of film rights, sales of VCD/DVD/Blu-ray, sales of pocket books and film production.

These Group consolidated and separate financial statements were authorised for issue by the Board of Directors on 13 February 2019.

2 Equity and paid-up share capital ratio

The consolidated financial statement as at 31 December 2018 shows that the equity is equal to 39 percent of the paid-up share capital. This financial ratio is less than 50 percent which means that the Stock Exchange of Thailand (SET) has posted a C (Caution) sign on securities of the listed company continuously from the date of the announcement a C sign on 10 August 2018 in accordance with the Regulation of the SET: Measure in case of Events that may affect the Listed Companies' Financial Condition and Business Operation B.E. 2561 (2018). The Company convened a meeting to provide information and decided on a plan and progress to deal with this event with shareholders, investors and concerned parties on 22 August 2018 and 20 November 2018.

3 Accounting policies

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

3.1 Basis for 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 Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

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 5.

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.

3 Accounting policies (Cont'd)

3.2 Revised accounting standards, revised financial reporting standards and related interpretations

3.2.1 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant change and are relevant to the Group:

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale in the scope of TFRS 5 (revised 2017), except for the summarised financial information.

The above revised standards have been adopted by the Group.

3.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective.

3.2.2.1 The FAP has issued new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted this standard.

TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standards:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - barter transactions involving advertising services
TFRIC 13 (revised 2017)	Customer loyalty programmes
TFRIC 15 (revised 2017)	Agreements for the construction of real estate
TFRIC 18 (revised 2017)	Transfers of assets from customers

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

3 Accounting policies (Cont'd)

3.2 Revised accounting standards, revised financial reporting standards and related interpretations (Cont'd)

3.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

3.2.2.1 The FAP has issued new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted this standard. (Cont'd)

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) - minimum amounts must be recognised if they are not at significant risk of reversal
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements
- As with any new standard, there are also increased disclosures.

Entities will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures.

The Group's management is currently assessing the impact of initial adoption of this standard.

3.2.2.2 Revised financial reporting standards will become effect for annual periods beginning on or after 1 January 2019 and are relevant to the Group. The Group has not yet adopt these standards.

TFRS 2 (revised 2018)	Share-based Payment
TAS 28 (revised 2018)	Investments in associates and joint ventures
TAS 40 (revised 2018)	Investment Property

TFRS 2, the amendments clarify;

- The measurement basis for cash-settled share-based payments, vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the cash-settled share-based payment at the measurement date. Instead, vesting conditions, other than market conditions, shall be taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction.
- Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided it would have been equity-settled without the net settlement feature, and
- The accounting for modifications that change an award from cash-settled to equity-settled.

TAS 28, the amendment clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.

TAS 40, the amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

3 Accounting policies (Cont'd)

3.2 Revised accounting standards, revised financial reporting standards and related interpretations (Cont'd)

3.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.3 The Group of financial instruments reporting standards which are effective for annual periods beginning on or after 1 January 2020 consist of the following standards. These standards could be early adopted before the effective date only for the period beginning on or after 1 January 2019.

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The above new standards and interpretations will supersede the following standards:

TAS 101	Bad and Doubtful Debts
TAS 103	Disclosures in the Financial Statements of Bank and Similar Financial Institutions
TAS 104	Accounting for Troubled Debt Restructuring
TAS 105	Accounting for Investment in Debts and Equity securities
TAS 106	Accounting for Investment Companies
TAS 107	Financial Instruments: Disclosure and Presentation

TAS 32 Financial Instruments: Presentation, provides the requirements for the presentation financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

TFRS 7 Financial Instruments: Disclosures, provides the requirements for the disclosure that are intended to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, and to understand the nature and extent of risks arising from those financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follow:

- Classification and measurement:
 - The classification and measurement of debt instrument financial assets has three classification categories, which are amortised cost, fair value through profit or loss and fair value through other comprehensive income. Classification of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash flows characteristics of the financial assets.
 - Equity instrument financial assets shall be measured at fair value through profit or loss. An entity can make an irrevocable election to recognise the fair value change in other comprehensive income without subsequent recycling to profit or loss.
 - Financial liabilities are classified and measured at amortised cost. An entity can choose to measure a liability at fair value through profit or loss when the conditions are met.
 - Derivatives are classified and measured at fair value through profit or loss.

3 Accounting policies (Cont'd)

3.2 Revised accounting standards, revised financial reporting standards and related interpretations (Cont'd)

3.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.3 The Group of financial instruments reporting standards which are effective for annual periods beginning on or after 1 January 2020 consist of the following standards. These standards could be early adopted before the effective date only for the period beginning on or after 1 January 2019. (Cont'd)

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follows: (Cont'd)

- The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The entity always accounts for expected credit losses which involves a three stage approach. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. Except for trade receivables and contractual assets which apply in TFRS 15 and are no significant financial components and lease receivables, they are permitted to measure by simplified approach for credit impaired consideration.
- The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

TFRIC 16 Hedges of a Net Investment in a Foreign Operation, clarifies the accounting treatment in respect of net investment hedging, provides guidance on identifying the foreign currency risks that qualify as a hedged risk. Clarifying that hedging instruments that are hedges of a net investment in a foreign operation may be held anywhere in the group not only by the parent. This includes the guidance on how an entity should determine the amount to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

TFRIC 19 Extinguishing financial liabilities with equity instruments, provides the requirements for accounting treatment when the entity issues equity instruments to a creditor to extinguish all or part of a financial liability. The equity instruments issued shall be measured at fair value. The entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when it is extinguished in accordance with TFRS 9. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished and the fair value of equity instruments issued shall be recognised in profit or loss.

The Group's management is currently assessing the impact of initial adoption of these standards.

3 Accounting policies (Cont'd)

3.3 Group accounting - investments in subsidiaries and associates and in joint arrangements

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-measurements 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 Group's share of the identifiable net assets acquired is recorded as goodwill (see Note 3.11 for accounting policy on 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 or losses 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.

b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases of 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 of non-controlling interests are also recorded in equity.

c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

3 Accounting policies (Cont'd)

3.3 Group accounting - investments in subsidiaries and associates and in joint arrangements (Cont'd)

d) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangements.

Joint operations

A joint operation is a joint arrangement whereby the Group has rights to the assets, and obligations for the liabilities relating to the arrangement. The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Joint venture

A joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement. Interests in joint ventures are accounted for using the equity method.

e) Accounting under equity method

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 and joint ventures includes goodwill identified on acquisition.

If the ownership interest in associates and joint ventures 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. Profit or loss from reduction of the ownership interest in associates and joint ventures is recognised in profit or loss.

The Group's share of its associates and joint ventures' 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 associates and joint ventures equals or exceeds its interest in the associates and joint ventures, together with any long-term interests that, in substance, form part of the entity's net investment in the associates or joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates and joint ventures.

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

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

f) Separate financial statement

In the separate financial statements, investments in subsidiaries, associates and joint ventures 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.

3 Accounting policies (Cont'd)

3.4 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 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.

3.5 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. In the consolidated and separate statement of financial position, bank overdrafts are shown in current liabilities.

3.6 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 statement of income within administrative expenses.

3.7 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of the purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charge, less all attributable discounts, allowances or rebates. Net realisable value is the estimate of the 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.

3 Accounting policies (Cont'd)

3.8 Films under production

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 consumption used in various channels as detailed in Note 3.12. Costs of films comprise costs directly attributable to films production and are stated at cost.

3.9 Investments

The Group classifies investments other than investments in subsidiaries, associate and joint ventures as general investments. The classification is dependent on the purpose for which the investments were acquired. The management determine the appropriate classification of its investments at the time of the purchase and re-evaluate such designation on a regular basis.

General investments are non-marketable investments in equity. General investments are carried at cost less allowance for impairment loss.

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

On disposal of an investment, the difference between fair value of the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of some parts 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 amount of the total holding of the investment.

3.10 Buildings and equipment

Buildings and equipment are stated at historical 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.

Depreciation on assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives or, if it is shorter, the lease term as follows:

Buildings	20 years
Building improvements	3, 5 years
Office equipment	3, 5 years
Motor vehicles (including vehicles under finance leases)	5 years

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

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains - net' in the statement of income.

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

3 Accounting policies (Cont'd)

3.11 Goodwill

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

3.12 Intangible assets

Film rights

Film rights are capitalised at the purchase price which includes costs directly attributable to the acquisition of rights. Film rights are amortised and charged to direct costs of exhibition, VCD and DVD, Cable TV and TV broadcasting at the ratio relating to the expected consumption used in various channels over the lifetime of rights this is normally from 2 to 10 years. In the event that a loss is anticipated for each right, an amount equivalent to this loss will be written-off in the statement of income immediately.

Computer software

Acquired computer software licenses 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 of 10 years.

Cost 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 included staff costs of the software development team and as appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance 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 are recognised as assets are amortised using the straight-line method over their useful lives, but not exceeding a period of 10 years.

3.13 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 fair value less costs to sell 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. Non financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3 Accounting policies (Cont'd)

3.14 Leases - where a Group Company 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.

Leases of property, plant 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.

3.15 Borrowings

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

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.

3.16 Current and deferred income taxes

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company's subsidiaries and joint venture 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 joint venture, 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.

3 Accounting policies (Cont'd)

3.17 Employee benefits

3.17.1 Post-employment

The Group operate various post-employment benefits schemes. The Group has both defined benefit and defined contribution plans.

3.17.1.1 Defined contribution

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 once the contributions have been paid even 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 contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3.17.1.2 Retirement benefits

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement 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 retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually 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 retirement liability.

Remeasurement 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.

3.18 Share-based payment

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) 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
- including the impact of any non-vesting conditions.

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 Group 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.

3 Accounting policies (Cont'd)

3.18 Share-based payment (Cont'd)

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

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

3.19 Provisions

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

3.20 Provision for goods returns

Provision for goods returns in relation to VCDs and DVDs is estimated based on historical experience and other relevant market factors. Provision for goods returns is computed from sales profit margin and presented as a deduction from sales and cost concerned.

3.21 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Group. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Management fee revenue and service revenue are recognised when services are rendered.

Revenue from film production and sales of film rights distribution, advertising revenue and media business are recognised as follows;

- Revenue from box-office sharing between the licensor and theatre owner is recognised when the film rights/film production have been exhibited.
- Sales of film rights, VCD and DVD and pocket books are based on invoiced netted of output tax, rebates and discounts. Revenue from sales of goods and rights is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.
- Royalty fees on film rights or film production being charged at fixed amounts in which they cannot be refunded and the licensor has no further obligations subsequent to granting the rights, are recognised as revenue in full when the licensee is entitled to exercise the rights under the terms of the agreement.
- Revenue from advertising is recognised when the media is appeared.
- Revenue from producing all kinds of media is recognised when services are rendered as agreed with customers.

Interest income is recognised on a time proportion basis, taking into 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.

3.22 Dividend payment

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

3 Accounting policies (Cont'd)

3.23 Financial instruments

Significant financial assets carried on the statement of financial position include cash and cash equivalents, trade account receivables and other receivables, short-term loans to related parties. Significant financial liabilities carried on the statement of financial position include bank overdraft and short-term borrowings from financial institutions, trade accounts payable, other payables, and liabilities under finance lease. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.24 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 Board of Directors committee that makes strategic decisions.

4 Financial risk management

4.1 Financial risk factors

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

4.1.1 Interest rate risk

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. However, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The borrowing interest rates of the Group are partially floated. The Group does not use the interest rate derivative to manage exposure from fluctuation in interest rate.

4.1.2 Foreign exchange risk

The Group has significant exposure to foreign currency risk from purchase of film rights in various currencies. The Group does not use any derivative financial instruments to hedge foreign currency exposure.

4.1.3 Credit risk

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products and services are made to customers with appropriate credit history. The management of the Group believes that the maximum exposure to credit risk is the carrying amount of the accounts receivable less allowance for doubtful accounts, as stated in the consolidated statement of financial position.

4.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining, 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.

4.2 Fair value

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

5 Critical accounting estimates, assumptions and judgements

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

5.1 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 asset

The Group tests whether investments in subsidiaries and loan to subsidiaries have suffered any impairment. The recoverable amounts have been determined by management based on estimated cash flow of the subsidiaries.

(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) Valuation of movies under production

The Group has recognised the cost of movies under production 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 management.

(e) Building and equipment and intangible assets

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

(f) Estimated impairment of goodwill

The Group conducts an annual impairment test on goodwill to determine whether goodwill has suffered any impairment loss as disclosed in the accounting policy per note 3.11. The impairment test involves the comparison of the carrying value of goodwill to the recoverable amount from a cash-generating unit (CGU). The recoverable amount of a CGU is determined based on an asset's value in use. Regarding future uncertainty which may have optimistic and pessimistic effect on the recoverable amount from a CGU. The Group has engaged on independent certified financial advisor to assess the recoverable amount. The financial advisor consider the probability of the estimation by applying weighted average value in use, giving the probability of 49% for the base case, and 25% for optimistic case as well as pessimistic case. This probability was derived from calculating the average sales revenue over the past three years, compared with the estimated sales revenue during the year 2019. As of 31 December 2018, the recoverable amount from investing in M Pictures Co., Ltd. is equivalent to Baht 340 million which nearly to the carrying value of such subsidiary plus goodwill amounting to Baht 338 million. For the purposes of assessing impairment, assets are grouped at the lowest level of each identifiable cash flows (cash-generating unit). The recoverable amount assessment is based on a ten-year pre-tax cash flow projection by referring to a financial and business operating plan of each cash generating unit, which have been approved by the management, and using estimated discounted cash flows, based on the estimated growth rate which does not exceed the average growth rate achieved by the CGU in the past.

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

5.1 Critical accounting estimates and assumptions (Cont'd)

(f) Estimated impairment of goodwill (Cont'd)

Key assumptions used in the recoverable amount assessment include:

Growth rate 0.9%

Discounted rate and probability

M Pictures Co., Ltd.

Unit: Million Baht

Scenario	Discount rate	Recoverable amount	Probability
Pessimistic Case	10.1%	317	25%
Base Case	9.1%	340	49%
Optimistic Case	8.1%	365	25%

Source of data: valuation report dated 11 February 2019.

Environmental factors that are likely to be pessimistically and optimistically, include the Group being a joint venture acquiring movie license rights from other buyers (to reduce costs and risks), agreed condition on sharing of profit from movie license rights distribution to other companies; an increase in the number of theaters located in provinces and other nearby countries where there are purchasing power, political protest; and the strike of writers residing overseas. The financial advisor has recommended the Group to use the value in use, weighted with the probability of each case.

The sensitivity analysis had been performed on key assumptions including the discounted rate. If the discounted rate applied is higher than normal rate by 1% (from 10.1% rather than 8.1%) as advised by the financial advisor, it will cause a reduction in recoverable amount. However, management has prepared the financial projection based on historical financial performance and the estimated growth of the market which is consistent with the historical data. The discounted rates applied are estimated based on the weighted average cost of capital (WACC) of each CGU and the probability of each case. As a result, the management confided that an allowance for impairment is adequate and appropriate under the current circumstance.

(g) Provision for goods returns

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

(h) Revenue/Amortisation of film rights

Film rights are amortised and recognised to cost of sales of film rights at the ratio relating to the expected consumption used in each of the various channels over the estimated period to utilise the rights. The expected consumption in each channel used for computing the amortisation ratio is estimated by the management, based on historical information and experience.

(i) Employee benefits 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 discounted rate. Any changes in these assumptions will have an impact on the carrying amount of pension obligations.

The Group determines the appropriate discounted 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 discounted rate, the Group considers the market yield of high-quality corporate 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.

Additional information of other key assumptions for retirement benefits obligation other is disclosed in note 21.

6 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.

7 Segment information

Financial information by business segments is as follows:

	Consolidated financial statements				Unit: Baht
	Film rights distribution	Film production and related	VCD/DVD distribution	Others	Consolidated
For the year ended 31 December 2018					
Revenue					
Gross segment revenue	144,194,847	162,342,501	2,512,488	33,905,905	342,955,741
Inter - segment revenue	(6,741,843)	(545,206)	-	(2,265,000)	(9,552,049)
Net revenue from third parties	<u>137,453,004</u>	<u>161,797,295</u>	<u>2,512,488</u>	<u>31,640,905</u>	<u>333,403,692</u>
Segment result	<u>31,279,170</u>	<u>(19,000,242)</u>	<u>(10,918,498)</u>	<u>2,924,794</u>	4,285,224
Unallocated costs					(23,494,057)
Other income					16,375,578
Finance costs					(3,229,083)
Share of loss of associate and joint ventures					(6,242,197)
Loss before income tax					(12,304,535)
Income tax					(12,687,222)
Net loss for the year					<u>(24,991,757)</u>

7 Segment information (Cont'd)

Financial information by business segments is as follows: (Cont'd)

	Consolidated financial statements				Unit: Baht
	Film rights distribution	Film production and related	VCD/DVD distribution	Others	Consolidated
For the year ended 31 December 2017					
Revenue					
Gross segment revenue	166,006,217	176,275,457	19,691,915	13,635,948	375,609,537
Inter - segment revenue	(2,608,645)	(500,000)	(6,784,765)	(2,128,985)	(12,022,395)
Net revenue from third parties	<u>163,397,572</u>	<u>175,775,457</u>	<u>12,907,150</u>	<u>11,506,963</u>	<u>363,587,142</u>
Segment result	<u>25,153,070</u>	<u>(51,126,801)</u>	<u>(95,913,666)</u>	<u>(1,276,910)</u>	(123,164,307)
Unallocated costs					(25,350,965)
Other income					2,091,379
Finance costs					(5,140,045)
Share of loss of joint ventures					<u>(1,953,984)</u>
Loss before income tax					(153,517,922)
Income tax					<u>(9,752,103)</u>
Net loss for the year					<u>(163,270,025)</u>

8 Cash and cash equivalents

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash on hand	193,123	178,197	15,000	1,166
Deposits held at call with banks	42,252,954	73,370,424	827,035	20,859,444
Cash and cash equivalents	42,446,077	73,548,621	842,035	20,860,610

9 Trade and other receivables, net

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade accounts receivable				
- Third parties	60,693,639	60,005,802	35,000	-
- Related parties (Note 30)	3,228,497	2,617,001	-	-
Total trade accounts receivable	63,922,136	62,622,803	35,000	-
Accrued income				
- Third parties	136,961,221	22,559,114	-	-
- Related parties (Note 30)	9,137,427	2,880,732	-	-
Total accrued income	146,098,648	25,439,846	-	-
Total trade accounts receivable and accrued income	210,020,784	88,062,649	35,000	-
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
Trade accounts receivable and accrued income, net	210,020,784	88,062,649	35,000	-
Amounts due from related parties	3,358,799	3,278,532	7,693,676	1,044,287
<u>Less</u> Allowance for doubtful accounts	-	-	(7,348,342)	-
Amounts due from related parties, net (Note 30)	3,358,799	3,278,532	345,334	1,044,287
Other account receivables	16,802,891	5,608,950	1,050,000	-
Prepaid expenses	25,317,883	39,207,475	4,746,774	732,188
Advances to employees for film production	-	3,988,278	-	-
Trade account and other receivables, net	255,500,357	140,145,884	6,177,108	1,776,475

In 2018, the Group had received payment from trade account receivables that was wrote off as bad debt of Baht 9.52 million and recognised this bad debt recovery in other income.

In 2018, prepaid expenses included prepaid expense from bartering with advertising services of Baht 16.39 million (In 2017: 31.27 million). The Group can utilise such services by offsetly with related prepaid expense ending April 2020.

9 Trade and other receivables, net (Cont'd)

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade accounts receivable				
Current	30,916,675	30,577,470	35,000	-
Over-due less than 3 months	31,054,488	24,454,270	-	-
Over-due 3 - 6 months	1,241,195	3,337,807	-	-
Over-due 6 - 12 months	668,044	2,485,833	-	-
Over-due over 12 months	41,734	1,767,423	-	-
Total trade accounts receivable	63,922,136	62,622,803	35,000	-
Accrued income	146,098,648	25,439,846	-	-
Total trade accounts receivable and accrued income	210,020,784	88,062,649	35,000	-
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
Trade accounts receivable and accrued income, net	210,020,784	88,062,649	35,000	-

10 Inventories, net

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Finished goods	4,650,843	6,534,415	-	-
<u>Less</u> Allowance for obsolescence and diminution in value of inventories	(199,206)	(5,071,856)	-	-
Finished goods, net	4,451,637	1,462,559	-	-
Goods in transit	-	1,116,481	-	-
Inventories, net	4,451,637	2,579,040	-	-

Reversal of allowance for obsolescence and diminution in value of inventories was recognised in the consolidated statement of income amounting to Baht 4.87 million (2017: recognised loss from allowance for obsolescence and diminution in value of inventories amounting to Baht 2.44 million).

11 Other current assets

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Undue input VAT	2,138,795	1,554,853	38,929	44,140
Others	515,758	447,988	-	-
Other current assets	2,654,553	2,002,841	38,929	44,140

12 Investments in subsidiaries, net

	Unit: Baht	
	Separate	
	financial statements	
	2018	2017
Investment in subsidiaries	1,189,626,107	1,189,626,067
<u>Less</u> Allowance for impairment	<u>(951,296,002)</u>	<u>(628,795,962)</u>
Investment in subsidiaries, net	<u>238,330,105</u>	<u>560,830,105</u>

a) Movements of investments in subsidiaries

	Unit: Baht	
	Separate	
	financial statements	
	2018	2017
Investment in subsidiaries		
Opening net book amount	560,830,105	238,330,105
Acquisition of investments	40	322,500,000
Allowance for impairment	(322,500,040)	-
Closing net book amount	<u>238,330,105</u>	<u>560,830,105</u>

Year 2018

As of 31 December 2018, the Company recognised fully impairment on investments in M V D Company Limited and M Talent Company Limited in statement of income, amount of Baht 322.50 million which was primarily due to the significant decrease in projected revenue arising from external factors as well as market situation and trend.

M Talent Company Limited

On 28 June 2018, Talent One Company Limited, a subsidiary, registered to change the Company's name with the Ministry of Commerce to "M Talent Company Limited".

At the Board of Directors Meeting held on 9 May 2018, the Board of Directors approved to acquire shares of M Talent Company Limited from minority shareholders in 39,998 shares totalling Baht 40. The acquisition resulted in the change in shareholding percentage from 90.00% to 99.99% of the issued share capital. The difference from additional investment of Baht 21,485,833 was recognised as "Change in parents' ownership interest in subsidiaries" and present under "Other components of equity" in equity of the consolidated financial information.

Year 2017

M V D Company Limited

At the Extraordinary Shareholders' Meeting of M V D Company Limited No. 1/2017 held on 29 November 2017, the shareholders approved to increase the authorised share of M V D Company Limited from 19,999,995 ordinary shares with a par value of Baht 10 per share to 52,249,995 ordinary shares with a par value of Baht 10 per share. The Company paid subscription of 32,250,000 additional shares, totaling Baht 322,500,000 and representing 99.99% of the issued share capital. The increased share capital was registered with the ministry of commerce on 30 November 2017.

12 Investments in subsidiaries, net (Cont'd)

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

Subsidiaries	Nature of business	Nature of relationship	Country of incorporation	% Ownership interest		Unit: Baht	
				2018	2017	At cost	
						2018	2017
M Pictures Company Limited	Distribution of film rights for cinema, VCD/DVD production and TV broadcast	Shareholder	Thailand	99.99	99.99	369,997,760	369,997,760
M V D Company Limited	Distribution of VCD/DVD, Blu-ray and film rights	Shareholder	Thailand	99.99	99.99	720,983,507	720,983,507
M Thirty Nine Company Limited	Film production	Shareholder	Thailand	99.99	99.99	75,000,000	75,000,000
M Talent Company Limited	Film production, services for all forms of entertainment and sales of pocket books	Shareholder	Thailand	99.99	90.00	22,444,840	22,444,800
Metacognitions Company Limited	Media advertising agency	Shareholder	Thailand	60.00	60.00	1,200,000	1,200,000
<u>Less</u> Allowance for impairment						1,189,626,107 (951,296,002)	1,189,626,067 (628,795,962)
Investments in subsidiaries, net						<u>238,330,105</u>	<u>560,830,105</u>
Subsidiaries under M V D Company Limited							
Pacific Media Sale Company Limited	Distribution of CD, VCD and DVD	Indirect shareholder	Thailand	99.40	99.40		

All subsidiaries are incorporated in Thailand. All holdings are investments in ordinary shares.

All subsidiaries undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

13 Investments in associate

a) Movement of investments in associate is as follows:

	Unit: Baht	
	Consolidated financial statements	
	2018	2017
Investments in associate		
Opening net book amount	-	-
Acquisition of investment	10,500,000	-
Share of loss of investments in associate	(35,389)	-
Closing net book amount	<u>10,464,611</u>	<u>-</u>

b) The details of investments in associate

	Unit: Baht	
	Consolidated financial statements	
	2018	2017
Investments in associate	10,464,611	-
<u>Less</u> Allowance for impairment	-	-
Investments in associate, net	<u>10,464,611</u>	<u>-</u>

13 Investment in associate (Cont'd)

b) The details of investment in associate (Cont'd)

Associate under M Pictures Company Limited

Associate	Business	Nature of relationship	Country of incorporation	% of ownership interest		Unit: Baht	
				2018	2017	Equity method	
						2018	2017
Joint venture Sangkrasue	Film production	Indirect shareholder	Thailand	30.00	-	10,464,611	-
Investment in associate						10,464,611	-

Joint Venture Sangkrasue

M Pictures Company Limited investment in "Joint Venture Sangkrasue" on 27 July 2018. Joint Venture Sangkrasue is being categorised as an associate, which the Company has percentage of interest 30% with respect to the joint venture agreement

Associate above is individually immaterial that is accounted for using the equity method.

	Unit: Baht	
	2018	2017
Aggregate carrying amount of individually immaterial associates	10,500,000	-
Aggregate amounts of the Group's share of:		
Profit/(loss) from continuing activities	(35,389)	-
Total comprehensive income	(35,389)	-

14 Joint Arrangement

a) Investment in joint operation

Investment in joint operation under M Thirty Nine Company Limited

Joint operation	Business	Nature of relationship	Country of incorporation	% of ownership interest		Unit: Baht	
				2018	2017	Cost method	
						2018	2017
Joint Venture Bikeman	Film production	Indirect shareholder	Thailand	70.00	-	8,750,000	-
Investment in Joint operation						8,750,000	-

Joint Venture Bikeman

M Thirty Nine Company Limited investment in "Joint Venture Bikeman" on 16 July 2018. Joint Venture Bikeman is a joint arrangement, being categorized as a joint operation, which the Company has percentage of interest 70% with respect to the joint agreement.

14 Joint Arrangement (Cont'd)

a) Investment in joint operation (Cont'd)

Summarised statement of financial position

	31 December 2018			Unit: Baht
	Consolidated financial statement before proportionate consolidate	Joint venture Bikeman 70% of ownership interest	Elimination	Consolidated financial statement
Current assets	497,249,469	24,105,234	(1,959,187)	519,395,516
Non-current assets	308,080,571	3,864,725	(8,750,000)	303,195,296
Current liabilities	303,771,842	11,887,513	(2,087,738)	313,571,617
Non-current liabilities	5,421,684	-	-	5,421,684
Unappropriated retained earnings	(1,221,239,550)	7,332,446	-	(1,213,907,104)

Summarised statement of income

	31 December 2018			Unit: Baht
	Consolidated financial statement before proportionate consolidate	Joint venture Bikeman 70% of ownership interest	Elimination	Consolidated financial statement
Total revenues	304,725,250	47,221,112	(2,167,092)	349,779,270
Total expenses	(330,878,463)	(38,050,545)	10,074,286	(358,854,722)
Profit (loss) before finance cost and income tax expenses	(26,153,213)	9,170,567	7,907,194	(9,075,452)
Finance cost	(3,229,083)	-	-	(3,229,083)
Profit (loss) before income tax expenses	(29,382,296)	9,170,567	7,907,194	(12,304,535)
Income tax expenses	(10,849,101)	(1,838,121)	-	(12,687,222)
Profit (loss) for the year	(40,231,397)	7,332,446	7,907,194	(24,991,757)

14 Joint Arrangement (Cont'd)

b) Investments in joint ventures, net

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Investments in joint ventures	71,941,795	34,171,149	120,770,049	76,770,069
<u>Less</u> Allowance for impairment	-	-	(49,792,975)	(40,456,896)
Investments in joint ventures, net	<u>71,941,795</u>	<u>34,171,149</u>	<u>70,977,074</u>	<u>36,313,173</u>

Movements of investments in joint ventures are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Investments in joint ventures				
Opening net book amount	34,171,149	36,161,780	36,313,173	36,313,173
Acquisition of investment	43,999,980	-	43,999,980	-
Share of loss of investments in joint ventures	(6,206,808)	(1,953,984)	-	-
Share of loss from change in financial assumptions from employee benefit obligations	(104,693)	-	-	-
Difference from translation of financial statement	82,167	(36,647)	-	-
Allowance for impairment	-	-	(9,336,079)	-
Closing net book amount	<u>71,941,795</u>	<u>34,171,149</u>	<u>70,977,074</u>	<u>36,313,173</u>

Year 2018

Transformation Films Company Limited

The Board of Directors of Transformations film Company Limited held on 10 July 2018 approved an increase in registered share capital of Transformations film Company Limited from the registered 1,750,000 ordinary shares with a par value of Baht 100 per share to 2,450,000 shares with a par value of Baht 100 per share. The company paid-up for ordinary shares in 350,000 share, totaling Baht 35,000,000. As a result, the interest hold increases to 34.69% of the issued share capital. Transformations film Company Limited registered the additional paid-up of shares with the Ministry of commerce on 23 July 2018.

Major Kantana Broadcasting Company Limited

The Board of Directors held on 8 August 2018 approved to additional invest in an increase in registered share capital of Major Kantana Broadcasting Company Limited according to the proportion of existing shareholders in 899,998 shares with a par value of Baht 10 per share. The company paid-up for ordinary shares totalling Baht 8,999,980. Major Kantana Broadcasting Company Limited registered the additional paid-up of shares with the Ministry of commerce on 29 August 2018.

14 Joint Arrangement (Cont'd)

b) Investments in joint ventures (Cont'd)

The details of investments jointly controlled entities are as follows:

Jointly controlled entities	Business	Nature of relationship	Country of incorporation	% Ownership Interest		Unit: Baht Equity method	
				2018	2017	2018	2017
Major Kantana Broadcasting Company Limited	Satellite broadcasting and distribution of film rights	Shareholder	Thailand	44.99	44.99	33,994,723	24,994,743
Transformation Film Company Limited	Film production, advertising, TV broadcasting and services for all forms of entertainment	Shareholder	Thailand	34.69	28.57	85,000,000	50,000,000
MVP M-Pictures Film Distribution (Lao) Co., Ltd.	Distribution of film rights for cinema, VCD/DVD production and TV broadcast	Shareholder	Laos	40.00	40.00	1,775,326	1,775,326
<u>Less</u> Allowance for impairment						120,770,049 (49,792,975)	76,770,069 (40,456,896)
Investments in joint ventures, net						<u>70,977,074</u>	<u>36,313,173</u>

All holdings are investment in ordinary shares.

14 Joint Arrangement (Cont'd)

b) Investments in joint ventures (Cont'd)

The details of investments jointly controlled entities are as follows: (Cont'd)

The financial informations of significant joint venture that is accounted for using equity method are below.

Summarised statement of financial position

Unit: Baht						
	Transformation Film Company Limited		Major Kantana Broadcasting Company Limited		Total	
	As at 31 December		As at 31 December		As at 31 December	
	2018	2017	2018	2017	2018	2017
Current assets						
Cash and cash equivalents	30,055,961	2,100,055	20,099,948	22,585,600	50,155,909	24,685,655
Other current assets (excluding cash)	45,316,789	53,503,171	110,835,663	102,294,988	156,152,452	155,798,159
Total current assets	75,372,750	55,603,226	130,935,611	124,880,588	206,308,361	180,483,814
Non-current assets	14,868,427	4,986,978	94,780,456	95,475,665	109,648,883	100,462,643
Current liabilities						
Financial liabilities (excluding trade payables)	-	5,014,591	9,984,208	-	9,984,208	5,014,591
Other current liabilities (including trade payables)	11,199,473	21,106,633	134,089,869	164,123,761	145,289,342	185,230,394
Total current liabilities	11,199,473	26,121,224	144,074,077	164,123,761	155,273,550	190,244,985
Non-current liabilities						
Other liabilities	633,823	354,906	2,662,926	1,901,476	3,296,749	2,256,382
Total non-current liabilities	633,823	354,906	2,662,926	1,901,476	3,296,749	2,256,382
Net assets	78,407,881	34,114,074	78,979,064	54,331,016	157,386,945	88,445,090

Summarised statement of comprehensive income

Unit: Baht						
	Transformation Film Company Limited		Major Kantana Broadcasting Company Limited		Total	
	As at 31 December		As at 31 December		As at 31 December	
	2018	2017	2018	2017	2018	2017
Revenue	12,318,786	86,719,156	215,651,772	237,982,687	227,970,558	324,701,843
Cost	(11,891,521)	(43,380,234)	(181,377,546)	(217,903,424)	(193,269,067)	(261,283,658)
Other revenue	502,454	2,130	5,281,049	14,415,856	5,783,503	14,417,986
Share of profit of investments in joint ventures	(47,185)	-	10,333,582	9,325,110	10,286,397	9,325,110
Interest income	83,526	28,857	111,253	-	194,779	28,857
Selling and administration expense	(26,557,352)	(44,840,582)	(41,389,479)	(38,470,926)	(67,946,831)	(83,311,508)
Depreciation and amortisation	(145,754)	(638,065)	(2,353,814)	(2,678,043)	(2,499,568)	(3,316,108)
Interest expense	(117,184)	(182,878)	(734,123)	(75,447)	(851,307)	(258,325)
Profit or loss from continuing operations	(25,854,230)	(2,291,616)	5,522,694	2,595,813	(20,331,536)	304,197
Income tax expense	-	-	(521,126)	(3,465,389)	(521,126)	(3,465,389)
Post-tax profit or loss from continuing operations	(25,854,230)	(2,291,616)	5,001,568	(869,576)	(20,852,662)	(3,161,192)
Other comprehensive income	156,786	-	(353,516)	-	(196,730)	-
Total comprehensive income	(25,697,444)	(2,291,616)	4,648,052	(869,576)	(21,049,392)	(3,161,192)

The information above reflects the amounts in the financial statements of the joint ventures (do not represent the Group's interest in these joint ventures) adjusted with the differences in accounting policies between the Group and the joint ventures.

14 Joint Arrangement (Cont'd)

b) Investments in joint ventures (Cont'd)

The details of investments jointly controlled entities are as follows: (Cont'd)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in joint ventures

	Unit: Baht					
	Transformation Film Company Limited		Major Kantana Broadcasting Company Limited		Total	
	As at 31 December		As at 31 December		As at 31 December	
	2018	2017	2018	2017	2018	2017
Summarised financial Information						
Opening net assets 1 January	34,114,074	36,405,690	54,331,016	55,200,592	88,445,090	91,606,282
Dividend	-	-	-	-	-	-
Acquisition	70,000,000	-	20,000,000	-	90,000,000	-
Profit (loss) for the period	(25,862,979)	(2,291,616)	5,001,568	(869,576)	(20,861,411)	(3,161,192)
Other comprehensive income	156,786	-	(353,516)	-	(196,730)	-
Closing net assets	78,407,881	34,114,074	78,979,068	54,331,016	157,386,949	88,445,090
Interest in joint venture (28.57% and 44.99%)	27,199,694	9,746,391	35,540,502	24,448,902	62,740,196	34,195,293
Effect from change of percentage of ownership interest	9,201,599	-	-	-	9,201,599	-
Goodwill	-	-	-	-	-	-
Carrying value	36,401,293	9,746,391	35,540,502	24,448,902	71,941,795	34,195,293

Individually immaterial joint venture

In addition to the interests in joint ventures disclosed above, the Group also has interests in one individually immaterial joint venture that is accounted for using the equity method.

	Unit: Baht	
	2018	2017
Aggregate carrying amount of individually immaterial joint venture	-	(24,144)
Aggregate amounts of the reporting entity's share of:		
Profit/(loss) from continuing activities	(58,023)	(907,961)
Other comprehensive income	82,167	(36,647)
Total comprehensive income	24,144	(944,608)

15 Other long-term investment, net

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Other long-term investment				
- Future Biz Co., Ltd.	8,500,000	8,500,000	8,500,000	8,500,000
<u>Less</u> Allowance for impairment	<u>(8,500,000)</u>	<u>(8,500,000)</u>	<u>(8,500,000)</u>	<u>(8,500,000)</u>
Other long-term investment, net	-	-	-	-

16 Buildings and equipment, net

	Unit: Baht			
	Consolidated financial statements			
	Buildings and building improvements	Office equipment	Motor vehicles	Total
At 1 January 2017				
Cost	20,605,320	32,445,614	1,602,860	54,653,794
<u>Less</u> Accumulated depreciation	(12,258,157)	(24,604,498)	(1,601,105)	(38,463,760)
Allowance for impairment	-	(294,029)	-	(294,029)
Net book value	8,347,163	7,547,087	1,755	15,896,005
For the year ended 31 December 2017				
Opening net book value	8,347,163	7,547,087	1,755	15,896,005
Additions	-	1,495,523	-	1,495,523
Depreciation charge (Note 26)	(2,637,045)	(3,361,418)	(1,753)	(6,000,216)
Closing net book value	5,710,118	5,681,192	2	11,391,312
At 31 December 2017				
Cost	20,605,320	33,941,137	1,602,860	56,149,317
<u>Less</u> Accumulated depreciation	(14,895,202)	(27,965,916)	(1,602,858)	(44,463,976)
Allowance for impairment	-	(294,029)	-	(294,029)
Net book value	5,710,118	5,681,192	2	11,391,312
For the year ended 31 December 2018				
Opening net book value	5,710,118	5,681,192	2	11,391,312
Additions	131,540	525,408	-	656,948
Disposals, net	-	(1,197,658)	(2)	(1,197,660)
Write-offs, net	(3,284,456)	(3,220)	-	(3,287,676)
Depreciation charge (Note 26)	(1,019,820)	(2,158,466)	-	(3,178,286)
Closing net book value	1,537,382	2,847,256	-	4,384,638
At 31 December 2018				
Cost	10,704,330	24,069,913	-	34,774,243
<u>Less</u> Accumulated depreciation	(9,166,948)	(20,928,628)	-	(30,095,576)
Allowance for impairment	-	(294,029)	-	(294,029)
Net book value	1,537,382	2,847,256	-	4,384,638

16 Buildings and equipment, net (Cont'd)

	Unit: Baht		
	Separate financial statements		
	Buildings and building improvements	Office equipment	Total
At 1 January 2017			
Cost	10,572,790	9,280,339	19,853,129
<u>Less</u> Accumulated depreciation	(8,185,720)	(5,572,094)	(13,757,814)
Net book value	2,387,070	3,708,245	6,095,315
For the year ended 31 December 2017			
Opening net book value	2,387,070	3,708,245	6,095,315
Additions	-	111,600	111,600
Depreciation charge (Note 26)	(497,663)	(1,243,655)	(1,741,318)
Closing net book value	1,889,407	2,576,190	4,465,597
At 31 December 2017			
Cost	10,572,790	9,391,939	19,964,729
<u>Less</u> Accumulated depreciation	(8,683,383)	(6,815,749)	(15,499,132)
Net book value	1,889,407	2,576,190	4,465,597
For the year ended 31 December 2018			
Opening net book value	1,889,407	2,576,190	4,465,597
Additions	131,540	246,977	378,517
Depreciation charge (Note 26)	(483,565)	(1,218,980)	(1,702,545)
Closing net book value	1,537,382	1,604,187	3,141,569
At 31 December 2018			
Cost	10,704,330	9,638,916	20,343,246
<u>Less</u> Accumulated depreciation	(9,166,948)	(8,034,729)	(17,201,677)
Net book value	1,537,382	1,604,187	3,141,569

Leased assets associated with copy machines included above, where the Group and the Company is a lessee under finance lease contract, are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cost - capitalised finance leases	748,450	748,450	748,450	748,450
<u>Less</u> Accumulated depreciation	(537,243)	(387,552)	(537,243)	(387,552)
Net book value	211,207	360,898	211,207	360,898

17 Intangible assets, net

	Consolidated financial statements			Unit: Baht
	Goodwill	Computer program	Film rights	Separate financial statements Computer program and film rights
At 1 January 2017				
Cost	439,069,516	5,751,818	1,487,887,409	3,756,634
<u>Less</u> Accumulated amortisation	-	(4,145,981)	(1,374,315,456)	(2,006,617)
Allowance for impairment	(299,927,010)	(1,021,060)	(47,952,554)	(1,271,060)
Net book value	<u>139,142,506</u>	<u>584,777</u>	<u>65,619,399</u>	<u>478,957</u>
For the year ended 31 December 2017				
Opening net book value	139,142,506	584,777	65,619,399	478,957
Additions	-	5,757	190,085,357	-
Amortisation (Note 26)	-	(169,219)	(221,507,978)	(135,272)
Reversal of impairment (Note 26)	-	-	19,956,286	-
Closing net book value	<u>139,142,506</u>	<u>421,315</u>	<u>54,153,064</u>	<u>343,685</u>
At 31 December 2017				
Cost	439,069,516	5,757,575	1,569,084,583	3,756,634
<u>Less</u> Accumulated amortisation	-	(4,315,200)	(1,486,935,251)	(2,141,889)
Allowance for impairment	(299,927,010)	(1,021,060)	(27,996,268)	(1,271,060)
Net book value	<u>139,142,506</u>	<u>421,315</u>	<u>54,153,064</u>	<u>343,685</u>
For the year ended 31 December 2018				
Opening net book value	139,142,506	421,315	54,153,064	343,685
Additions	-	498,600	178,439,707	23,600
Disposals, net	-	(20,171)	-	-
Write-off, net	-	(27,650)	(12,179,561)	(250,000)
Amortization (Note 26)	-	(157,539)	(172,157,289)	(134,843)
Reversal of impairment (Note 26)	-	-	9,129,042	250,000
Closing net book value	<u>139,142,506</u>	<u>714,555</u>	<u>57,384,963</u>	<u>232,442</u>
At 31 December 2018				
Cost	439,069,516	5,960,039	1,543,976,111	3,530,234
<u>Less</u> Accumulated amortisation	-	(4,224,424)	(1,467,723,922)	(2,276,732)
Allowance for impairment	(299,927,010)	(1,021,060)	(18,867,226)	(1,021,060)
Net book value	<u>139,142,506</u>	<u>714,555</u>	<u>57,384,963</u>	<u>232,442</u>

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

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.

	2018				2017			
	M Pictures Company Limited Baht	MVD Company Limited Baht	M Talent Company Limited Baht	Total Baht	M Pictures Company Limited Baht	MVD Company Limited Baht	M Talent Company Limited Baht	Total Baht
Goodwill allocation								
Cost	165,967,777	269,397,064	3,704,675	439,069,516	165,967,777	269,397,064	3,704,675	439,069,516
<u>Less</u> Provision for impairment	(26,825,271)	(269,397,064)	(3,704,675)	(299,927,010)	(26,825,271)	(269,397,064)	(3,704,675)	(299,927,010)
Goodwill, net	<u>139,142,506</u>	<u>-</u>	<u>-</u>	<u>139,142,506</u>	<u>139,142,506</u>	<u>-</u>	<u>-</u>	<u>139,142,506</u>

18 Other non-current assets, net

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Guarantees on buildings rental and others	2,061,063	2,325,563	1,263,815	1,263,815
Others	-	-	-	-
Other non-current assets, net	<u>2,061,063</u>	<u>2,325,563</u>	<u>1,263,815</u>	<u>1,263,815</u>

19 Trade and other payables

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade accounts payable	210,622,626	36,551,128	-	-
Amounts due to related parties (Note 30)	32,463,448	710,096	1,126,747	599,590
Other payables	13,207,104	1,974,149	1,258,793	423,575
Deferred income	15,986,769	16,798,351	500,000	-
Accrued expenses	11,644,969	25,894,529	1,810,430	1,262,341
Trade accounts and other payables	<u>283,924,916</u>	<u>81,928,253</u>	<u>4,695,970</u>	<u>2,285,506</u>

20 Borrowings

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current				
Bank overdrafts	4,992,753	-	-	-
Short-term borrowings from financial institutions	15,000,000	60,000,000	-	-
Total bank overdrafts and short-term borrowings from financial institutions	<u>19,992,753</u>	<u>60,000,000</u>	<u>-</u>	<u>-</u>
Total borrowings from financial institutions	<u>19,992,753</u>	<u>60,000,000</u>	<u>-</u>	<u>-</u>

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Borrowings:				
- at fixed rates	15,000,000	60,000,000	-	-
- at floating rates	-	-	-	-
Total borrowings	<u>15,000,000</u>	<u>60,000,000</u>	<u>-</u>	<u>-</u>

20 Borrowings (Cont'd)

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Bank overdrafts	7.12%	-	-	-
Bank promissory notes	2.38%	2.38% and 4.50%	-	-

The movements in financial institutions borrowings (exclude bank overdrafts) can be analysed as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Opening balance	60,000,000	105,000,000	-	-
Additions	100,000,000	103,000,000	-	-
Repayments made during the year	(145,000,000)	(148,000,000)	-	-
Closing balance	15,000,000	60,000,000	-	-

As at 31 December 2018, the Group had promissory notes from financial institution, guarantee given by ultimate parent company, denominated in Thai Baht of Baht 15 million.

Borrowing facilities

As at 31 December 2018, the Group had the available credit facilities of Baht 431.51 million (2017: Baht 391.50 million). Borrowing facilities are mainly for the purpose of acquisitions of film rights, film productions and working capital.

21 Employee benefit obligations

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Statement of financial position:				
Retirement benefits				
- Retirement benefit by law	4,549,878	4,936,321	2,848,505	2,196,682
- Post-employment benefit	459,927	-	299,351	-
	5,009,805	4,936,321	3,147,856	2,196,682
Other long team benefit	111,879	-	24,365	-
Liability in the statement of financial position	5,121,684	4,936,321	3,172,221	2,196,682
Profit or loss charge included in operating profit for:				
Retirement benefits				
- Retirement benefit by law	(802,487)	183,182	378,038	204,015
- Post-employment benefit	459,927	-	299,351	-
	(342,560)	183,182	677,389	204,015
Other long team benefit	111,879	-	24,365	-
	(230,681)	183,182	701,754	204,015
Remeasurement for:				
Retirement benefits				
- Retirement benefit by law	1,046,136	-	903,877	-
- Post-employment benefit	-	-	-	-
	1,046,136	-	903,877	-
Other long team benefit	-	-	-	-
	1,046,136	-	903,877	-

21 Employee benefit obligations (Cont'd)

Retirement benefits

The plans 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.

For the year ended 31 December 2018, the Group has new retirement benefits which is Post-employment Benefit Plan (PEB) that provide 3 Baht of gold for all employees of the Group who render service till the retirement age.

Other long term benefit

For the year ended 31 December 2018, the Group has new other long term benefit which is Long Service Award Plan (LSA) that provide gold equivalent to 15,000 Baht for any employees of the Group who have their year of service equals to 10 years.

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

Retirement benefits:

	Unit: Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
At 1 January	4,936,321	4,753,139	2,196,682	1,992,667
Current service cost	659,038	832,327	188,261	170,428
Past service cost	(1,103,074)	(760,026)	449,832	-
Interest cost	101,476	110,881	39,296	33,587
Benefit paid	(630,092)	-	(630,092)	-
Loss from change in demographic assumptions	62,627	-	33,935	-
(Gain) loss from change in financial assumptions	(8,812)	-	4,655	-
Experience loss	992,321	-	865,287	-
At 31 December	<u>5,009,805</u>	<u>4,936,321</u>	<u>3,147,856</u>	<u>2,196,682</u>

The principal actuarial assumptions used were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Retirement benefits:				
Retirement benefit by law				
Discount rate	2.14%	2.80%	1.94%	2.80%
Future salary increases rates	3.50% - 9.00%	3.00% - 9.00%	3.50% - 9.00%	3.00% - 9.00%
Turnover rates	0.00% - 37.00%	0.00% - 35.00%	0.00% - 37.00%	0.00% - 35.00%
Post-Employment benefit				
Discount rates	2.00%	-	1.89%	-
Turnover rates	0.00% - 37.00%	-	0.00% - 37.00%	-
Gold price	20,000 Baht/ 1 Baht (Gold)	-	20,000 Baht/ 1 Baht (Gold)	-
Gold price increasing rate	3.50%	-	3.50%	-

21 Employee benefit obligations (Cont'd)

Sensitivity analysis for each significant assumption disclosed

	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	2018	2017	2018	2017	2018	2017
Retirement benefits:						
Retirement benefit by law						
Discount rate	0.50%	1.00%	Decrease by 2.19%	Decrease by 7.00%	Increase by 2.30%	Increase by 8.00%
Salary growth rates	0.50%	1.00%	Increase by 2.23%	Increase by 10.00%	Decrease by 2.14%	Decrease by 9.00%
Turnover rates	10.00%	20.00%	Decrease by 5.65%	Decrease by 16.00%	Increase by 6.71%	Increase by 23.00%
Mortality improvement rates	0.50%	1.00%	Decrease by 0.01%	-	Increase by 0.01%	-
Post-employment benefit						
Discount rate	0.50%	-	Decrease by 1.56%	-	Increase by 1.64%	-
Gold price increasing rate	0.50%	-	Increase by 1.61%	-	Decrease by 1.55%	-
Turnover rates	10.00%	-	Decrease by 3.74%	-	Increase by 4.47%	-
Mortality improvement rates	0.50%	-	Decrease by 0.01%	-	Increase by 0.01%	-

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.

Expected maturity analysis of undiscounted retirement benefit by law and post-employment

	Unit : Baht				
	Consolidated financial statement				
	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
At 31 December 2018					
Retirement benefits:					
Retirement benefit by law	2,278,283	-	2,246,125	6,047,281	10,571,689
Post-employment benefit	360,452	-	134,704	377,071	872,227
At 31 December 2017					
Retirement benefits:					
Retirement benefit by law	1,423,235	880,172	535,878	13,058,738	15,898,023
	Unit : Baht				
	Separate financial statement				
	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
At 31 December 2018					
Retirement benefits:					
Retirement benefit by law	1,745,491	-	1,483,708	1,818,221	5,047,420
Post-employment benefit	246,554	-	98,661	127,970	473,185
At 31 December 2017					
Retirement benefits:					
Retirement benefit by law	1,423,235	252,147	535,878	1,121,844	3,333,104

22 Deferred income taxes

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	6,258,984	8,618,997	997,172	824,542
Deferred tax assets to be recovered after more than 12 months	10,842,181	5,112,836	1,489,937	1,942,047
	17,101,165	13,731,833	2,487,109	2,766,589
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	-	-	-	-
Deferred tax liabilities to be settled after more than 12 months	-	-	-	-
	-	-	-	-
Deferred tax, net	17,101,165	13,731,833	2,487,109	2,766,589

- b) The movement on deferred tax during the year are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
At 1 January	13,731,833	8,650,407	2,766,589	4,428,631
Charged to profit or loss	3,147,505	5,081,426	(460,255)	(1,662,042)
Tax charged/(credit) relation to components of other comprehensive income	221,827	-	180,775	-
At 31 December	17,101,165	13,731,833	2,487,109	2,766,589

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

	Unit: Baht			
	Consolidated financial statements			
	1 January 2018	Credit (debit) to profit or loss	Other Comprehensive income	31 December 2018
Deferred income tax assets				
Tax losses carried forward	2,302,711	(462,375)	-	1,840,336
Depreciation of building improvements	24,542	(12,213)	-	12,329
Amortisation of film rights	10,899,336	3,526,871	-	14,426,207
Employee benefits	505,244	95,222	221,827	822,293
Total	13,731,833	3,147,505	221,827	17,101,165
Deferred income tax, net	13,731,833	3,147,505	221,827	17,101,165

22 Deferred income taxes (Cont'd)

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

Unit: Baht			
	Separate financial statements		
	1 January 2018	Credit (debit) to profit or loss	Other Comprehensive income
			31 December 2018
Deferred income tax assets			
Tax losses carried forward	2,302,711	(462,375)	-
Depreciation of building improvements	24,542	(12,213)	-
Amortisation of film rights	-	-	-
Employee benefits	439,336	14,333	180,775
Total	2,766,589	(460,255)	180,775
Deferred income tax, net	2,766,589	(460,255)	180,775

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax assets	17,101,165	13,731,833	2,487,109	2,766,589
Deferred tax liabilities	-	-	-	-
Deferred tax, net	17,101,165	13,731,833	2,487,109	2,766,589

22 Deferred income taxes (Cont'd)

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

The Group did not recognise deferred income tax assets of some of its subsidiaries since the Group's management evaluates by applying the concept of conservatism that the subsidiaries may not generate enough taxable profit to utilise those differences. The temporary differences arise from allowance for doubtful accounts, allowance for obsolescence, allowance for diminution in value of inventories, allowance for impairment of film rights, employee benefits obligation, share-based payment and tax losses carried forward. As at 31 December 2018, the Group did not recognise deferred income tax assets of Baht 103.26 million in respect of tax losses carried forward approximately Baht 516.29 million. A summary of the tax losses carried forward and the expiry dates are set out below:

	Consolidated financial statements Baht Million	Separate financial statements Baht Million
Expiry year		
2019	89.23	-
2020	78.40	-
2021	165.39	83.49
2022	160.57	-
2023	22.70	-
	<u>516.29</u>	<u>83.49</u>

Such the tax losses carried forward are mainly from M V D Company Limited, M Thirty Nine Company Limited and M Talent Company Limited in which the Group's management do not expect to have sufficient taxable profit to utilise these tax losses in the near future.

23 Share capital and premium on share capital

	Authorised number of shares	Issued and fully paid-up		
		Number of shares	Ordinary shares Baht	Share premium Baht
At 1 January 2017	1,315,337,205	1,300,119,176	1,300,119,176	453,981,276
Decrease of authorised shares	-	-	-	-
Increase of authorised shares	-	-	-	-
Warrant exercised	-	-	-	-
At 31 December 2017	1,315,337,205	1,300,119,176	1,300,119,176	453,981,276
Decrease of authorised shares	(2,220,029)	-	-	-
Increase of authorised shares	-	-	-	-
Warrant exercised	-	-	-	-
At 31 December 2018	<u>1,313,117,176</u>	<u>1,300,119,176</u>	<u>1,300,119,176</u>	<u>453,981,276</u>

At the Annual General Meeting for the year 2018 held on 9 April 2018, the shareholders approved a decrease in registered share capital of the Company from Baht 1,315,337,205 to Baht 1,313,117,176 by cancelling of 2,220,029 unissued shares at a par value of Baht 1 each. The Company registered the decrease of the registered share capital with the Ministry of Commerce on 25 April 2018.

The total numbers of authorised ordinary shares are 1,313.11 million shares (2017: 1,315.33 million shares) with a par value of Baht 1 per share (2017: Baht 1 per share).

24 Share-based payment

Share option schemes

The Company has introduced one share option which is an equity-settled scheme. The exercise ratio and price are detailed below:

	Issued date	Issued units Million	Exercise ratio Unit/share	Exercise price Baht/unit	Exercise period	
					Start	End
MPIC-ESOP#1	24 April 2012	4.42	1 : 1.00	1.59	30 June 2014	23 April 2017
MPIC-ESOP#2	24 April 2015	13.00	1 : 1.00	1.84	30 June 2017	23 April 2020

Exercised date are detailed as below:

	Modification Date	Issued units Million	Exercise ratio Unit/share	Exercise price Baht/unit
MPIC-ESOP#1	28 July 2014	4.42	1 : 1.29	1.24

The Company issued and offered warrants (ESOP#1) to directors and to selected employees of the Company and its subsidiaries, which are in registered form and are non-transferable. The warrants have no offered price and their terms do not exceed 5 years from the issued date (the issued date is 24 April 2012) at a maximum of 4,424,625 units. The exercise price is at Baht 1.59 per share. The exercise ratio is one warrant to one ordinary share. The warrants can be exercised after 2 years from the date of issuance. The Company has no legal obligation to repurchase or settle the options in cash.

The Company issued and offered warrants (ESOP#2) to directors and to selected employees of the Company and its subsidiaries, which are in registered form and are non-transferable. The warrants have no offered price and their terms do not exceed 5 years from the issued date (the issued date is 24 April 2015) at a maximum of 12,998,000 units. The exercise price is at Baht 1.84 per share. The exercise ratio is one warrant to one ordinary share. The warrants can be exercised after 2 years from the date of issuance. The Company has no legal obligation to repurchase or settle the options in cash.

Movements in the number of share options 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
At 1 January 2017				
- MPIC-ESOP#1	1.24	1,070,887	1.24	1,070,887
- MPIC-ESOP#2	1.84	9,748,500	1.84	9,748,500
Granted	-	-	-	-
Forfeited				
- MPIC-ESOP#2	-	(1,689,740)	-	(1,689,740)
Exercised				
- MPIC-ESOP#1	(1.24)	(1,070,887)	(1.24)	(1,070,887)
At 31 December 2017	1.84	8,058,760	1.84	8,058,760

24 Share-based payment (Cont'd)

Share option schemes (Cont'd)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows (Cont'd)

	Consolidated financial statements		Separate financial statements	
	Average exercise price Baht per share	Option	Average exercise price Baht per share	Option
At 1 January 2018				
- MPIC-ESOP#2	1.84	8,058,760	1.84	8,058,760
Granted	-	-	-	-
Forfeited				
- MPIC-ESOP#2	-	(2,729,580)	-	(2,729,580)
At 31 December 2018	1.84	5,329,180	1.84	5,329,180

During 2018, no options of warrants (ESOP#2) has been exercised and 2,729,580 options have been forfeited (2017: no options of warrants (ESOP#2) has been exercised and 1,689,740 options have been forfeited).

As at 31 December 2018, the Company had 5,329,180 outstanding options (2017: 8,058,760).

Share options outstanding at the end of the period have the following expiry date and exercise price:

	Consolidated financial statements		Separate financial statements	
	Average exercise price Baht per share	Shares	Average exercise price Baht per share	shares
MPIC-ESOP#2 Expired date :				
23 April 2020				
31 December 2017	1.84	8,058,760	1.84	8,058,760
31 December 2018	1.84	5,329,180	1.84	5,329,180

During the year ended 31 December 2018, there is no change in the condition of warrants (MPIC-ESOP#2) assumptions applied in valuation model is as follows:

Condition of warrants	MPIC-ESOP#2
Average exercise price (Baht per share)	1.84
Exercise ratio (Unit per share)	1 : 1.00
Variable	
Fair value of warrant (Baht per option)	0.80
Volatility (%)	50.45
Dividend yield (%)	0.96
Weighted average share price at the granted date (Baht per share)	1.82
Expected option life (year)	5.00
Risk-free interest rate (%)	2.18

Volatility was determined from historical fluctuation in stock price of the remaining period of share option scheme. If the volatility of the stock price of MPIC increases, the value of MPIC-ESOP#2 will be increased.

The Company recognised the value of warrants over the vesting period. As at 31 December 2018, no expense related to warrant is recognised as an expense in the consolidated and separate income statements with a corresponding credit to the consolidated and separate equity.

25 Legal reserve

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
At 1 January	3,813,156	3,813,156	3,813,156	3,813,156
Appropriation during the year	-	-	-	-
At 31 December	3,813,156	3,813,156	3,813,156	3,813,156

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

26 Expense by nature

Significant expenses by nature carried out are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Staff costs	52,040,595	64,555,107	11,325,662	13,101,158
Depreciation on building and equipment (Note 16)	3,178,286	6,000,216	1,702,545	1,741,318
Write-off intangible assets				
- Film rights (Note 17)	12,179,561	-	250,000	-
Amortization of intangible assets				
- Film rights (Note 17)	172,157,289	221,507,978	-	-
- Computer software (Note 17)	157,539	169,219	134,843	135,272
Impairment of assets (reversal)				
- Film rights (Note 17)	(9,129,042)	(19,956,286)	(250,000)	-
Bad debt and doubtful accounts	-	78,099,548	-	-
Impairment of inventories (reversal)	(4,872,650)	2,443,515	-	-
Provision for doubtful account on loans to subsidiary and related interest	-	-	332,348,342	-

27 Finance costs

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Finance costs				
Bank borrowings	3,214,253	5,091,530	-	-
Finance lease	14,830	30,638	14,830	30,638
Others	-	17,877	-	17,877
Total	3,229,083	5,140,045	14,830	48,515

28 Income tax

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
For the year ended 31 December				
Current tax	15,834,727	14,833,529	-	-
Deferred income tax:				
Origination and reversal of temporary differences	(3,147,505)	(5,081,426)	460,255	1,662,042
Income tax	12,687,222	9,752,103	460,255	1,662,042

28 Income tax (Cont'd)

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(Loss) profit before income tax	(12,304,535)	(153,517,922)	(662,433,817)	9,203,568
Tax calculated at a tax rate of 20% and 15% (2017: 20%)	(2,590,915)	(30,703,584)	(132,486,763)	1,840,714
Tax effect of:				
Associate and joint ventures' results reported net of tax	1,248,439	390,797	-	-
Expenses not deductible for tax purpose	4,854,397	2,691,381	35,694	5,995
Temporary differences in which no deferred income tax asset was recognised	5,581,205	17,294,745	133,403,628	-
Utilisation of previously unrecognised tax losses	(947,051)	(9,225,199)	(492,304)	(184,667)
Tax losses for which no deferred income tax asset was recognised	4,539,647	18,136,463	-	-
Unrealised (gain) losses from intercompany transaction	1,500	11,167,500	-	-
Tax charge	12,687,222	9,752,103	460,255	1,662,042

29 (Loss) earnings per share

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

The basic (loss) earnings per share are calculated as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(Loss) profit (Baht)				
Net (loss) profit attributable to ordinary shareholders of the company	(25,283,656)	(155,632,345)	(662,894,072)	7,541,526
Weighted average number of ordinary shares outstanding (Shares)	1,300,119,176	1,300,119,176	1,300,119,176	1,300,119,176
Basic (loss) earnings per share (Baht per share)	(0.02)	(0.12)	(0.51)	0.01

The diluted (loss) 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: share options. The share options a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated is compared with the number of shares that would have been issued assuming the exercise of the share options. The difference is added to the denominator as an issue of ordinary shares for no consideration. No adjustment is made to earnings.

29 (Loss) earnings per share (Cont'd)

The diluted (loss) earnings per share are calculated as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(Loss) profit (Baht)				
Net (loss) profit attributable to shareholders of the company	(25,283,656)	(155,632,345)	(662,894,072)	7,541,526
Weighted average number of ordinary shares outstanding (Shares)	1,300,119,176	1,300,119,176	1,300,119,176	1,300,119,176
Adjustments for:				
The effect of dilutive potential shares	-	78,600	-	78,600
Weighted average number of ordinary shares for diluted (loss) earnings per share	1,300,119,176	1,300,197,776	1,300,119,176	1,300,197,776
Diluted (loss) earnings per share (Baht per share)	(0.02)	(0.12)	(0.51)	0.01

30 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.

The Company is a subsidiary of Major Cineplex Group Public Company Limited which owns 92.46% of the Company's shares (2017: 92.46%). All subsidiaries and associates of Major Cineplex Group Company Limited are considered as related parties.

30 Related party transactions (Cont'd)

The following significant transactions were carried out with related parties:

i) Sales of goods/services and others

	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Management fee income				
Subsidiaries	-	-	12,000	15,600
Associate	30	-	30	-
Related companies	-	-	40	-
Joint operation	12	-	-	-
Joint ventures	840	720	840	720
	<u>882</u>	<u>720</u>	<u>12,910</u>	<u>16,320</u>
Sales of goods and services				
Parent company	36,320	50,806	-	-
Related companies	9,764	18,574	-	-
Joint operation	1,413	-	-	-
Joint ventures	2,801	8,900	-	-
	<u>50,298</u>	<u>78,280</u>	<u>-</u>	<u>-</u>
Advertising income				
Parent company	370	-	-	-
Related companies	40,390	74,000	3,450	-
Joint operation	1,035	-	-	-
Joint ventures	-	885	-	-
	<u>41,795</u>	<u>74,885</u>	<u>3,450</u>	<u>-</u>
Rental and service income				
Subsidiaries	-	-	-	1,691
Interest income				
Subsidiaries	-	-	-	18,138
Related companies	-	-	11,832	-
Joint operation	-	-	138	-
Joint ventures	150	183	-	183
	<u>150</u>	<u>183</u>	<u>11,970</u>	<u>18,321</u>
Other income				
Associate	1,233	-	-	-
Joint operation	929	-	-	-
	<u>2,162</u>	<u>-</u>	<u>-</u>	<u>-</u>

30 Related party transactions (Cont'd)

The following significant transactions were carried out with related parties: (Cont'd)

ii) Purchase of goods/services and others

	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Purchase of goods and services				
Parent company	-	388	-	-
Related companies	-	122	-	-
Joint venture	161	18,869	-	-
	<u>161</u>	<u>19,379</u>	<u>-</u>	<u>-</u>
Advertising expense				
Parent company	878	2,482	-	-
Related companies	12	277	-	-
Joint venture	-	463	-	-
	<u>890</u>	<u>3,222</u>	<u>-</u>	<u>-</u>
Rental and service expenses				
Parent company	<u>564</u>	<u>2,292</u>	<u>564</u>	<u>2,292</u>
Other expenses				
Parent company	-	266	-	157
Related companies	-	24	-	24
	<u>-</u>	<u>290</u>	<u>-</u>	<u>181</u>

During 2018, the Group had been support for produce Thai films from ultimate parent company in totalling amount of Baht 39.50 million. These Thai films were released during the period and recognised as Cost of films production and film rights sold.

Pricing policies for related party transactions are as follows:

	Pricing policies
Advertising fees	Agreed prices as stipulated in the agreements
Film rights	Agreed prices as stipulated in the agreements
Rental and services	Agreed prices which approximate to market price
Interest charge	Agreed rates at 1.00% per annum to 4.60% per annum
Management fees	Agreed prices as stipulated in the agreements

30 Related party transactions (Cont'd)

The following significant transactions were carried out with related parties: (Cont'd)

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

	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade accounts receivable (included in "Trade accounts receivable and other receivables")				
Parent company	125	564	-	-
Related companies	20	161	-	-
Joint operation	295	-	-	-
Joint ventures	2,788	1,892	-	-
Total trade accounts receivable	3,228	2,617	-	-
Accrued income				
Parent company	6,125	783	-	-
Related companies	1,246	571	-	-
Joint operation	599	-	-	-
Joint ventures	1,167	1,527	-	-
Total accrued income	9,137	2,881	-	-
Trade accounts receivable and accrued income, net	12,365	5,498	-	-
<u>Less</u> Allowance for doubtful account	-	-	-	-
Trade accounts receivable and accrued income, net	12,365	5,498	-	-
Amounts due from related parties				
Parent company	12	-	-	-
Subsidiaries	-	-	7,673	1,030
Joint ventures	3,347	3,279	20	15
Total amounts due from	3,359	3,279	7,693	1,045
<u>Less</u> Allowance for doubtful account	-	-	(7,348)	-
Amount due from related parties, net	3,359	3,279	345	1,045
Guarantee paid for rental and service (included in "Non-current assets")				
Parent company	1,253	1,253	1,253	1,253

30 Related party transactions (Cont'd)

The following significant transactions were carried out with related parties: (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	
	2018	2017	2018	2017
Trade accounts payable (included in "Trade accounts payable and other payables")				
Parent company	1,992	-	-	-
Related companies	68	-	-	-
Joint venture	5,620	19,013	-	-
Total trade accounts payable	7,680	19,013	-	-
Amount due to related parties				
Parent company	24,305	51	56	51
Related companies	-	110	-	-
Joint operation	840	-	-	-
Joint venture	6,248	-	-	-
Committee	1,071	549	1,071	549
Total amount due to related parties	32,464	710	1,127	600
Guarantee deposits for rental and service (included in "Other non-current assets")				
Subsidiaries	-	-	-	747

iv) Short-term loans to related parties

	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Subsidiaries				
At 1 January - net	-	-	542,000	780,100
Loans made during the year	-	-	65,000	240,800
Loans repaid during the year	-	-	(91,000)	(478,900)
Less Allowance for doubtful account on loans to subsidiary	-	-	(325,000)	-
At 31 December - net	-	-	191,000	542,000
Joint venture				
At 1 January	5,000	8,000	5,000	8,000
Loans made during the year	10,804	2,000	5,804	2,000
Loans repaid during the year	(14,500)	(5,000)	(9,500)	(5,000)
At 31 December	1,304	5,000	1,304	5,000
Total short-term loans To related parties	1,304	5,000	192,304	547,000

30 Related party transactions (Cont'd)

iv) Short-term loans to related parties (Cont'd)

Loans to subsidiaries are unsecured and carry interest at the rate of 2.00% per annum and 4.10% per annum (2017: 2.00% per annum and 4.10% per annum) and are due at call.

Loans to joint venture are unsecured and carry interest at the rate of 4.60% per annum (2017: 2.98% per annum and 4.12% per annum) and are due at call.

In 2018, the Company set allowance for doubtful account on loan and interest from loan to subsidiary in full amount of Baht 332.35 million (included interest amount of Baht 7.35 million).

v) Key management compensation

The compensation paid to key management for employee services for the year ended 31 December is shown below:

	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	7,695	12,496	1,448	1,236
Retirement benefit by law	369	299	224	-
Post-employee benefits	56	-	50	-
Other long term benefit	14	-	-	-
	<u>8,134</u>	<u>12,795</u>	<u>1,722</u>	<u>1,236</u>

31 Commitments and contingencies

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

As at 31 December 2018, the Company and its subsidiaries had commitments in respect of long-term lease of land, buildings and service contracts to a related party and third parties. The future aggregate minimum lease and service payments under non-cancellable contracts are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Not later than 1 year	0.46	1.21	0.08	0.24
Later than 1 year but not later than 5 years	0.05	0.48	-	0.08
Total operating lease commitments	<u>0.51</u>	<u>1.69</u>	<u>0.08</u>	<u>0.32</u>

ii) Commitments from purchase of film rights

As at 31 December 2018, the Group had commitments in respect of purchases of film rights amounting to USD 0.78 million payable within two years (2017: USD 1.07 million and Baht 1.21 million).

iii) Commitments from film productions

As at 31 December 2018, the Group had commitments under film production agreements, advertising and programme broadcasting agreements with various film directors and other companies. The Company is committed to pay the amounts as stipulated in related agreements totalling Baht 68.36 million (2017: Baht 69.94 million).

31 Commitments and contingencies (Cont'd)

iv) Commitments from investment

As at 31 December 2018, the Group had commitments under joint venture agreement and shareholders' agreement with other investors. The Company is committed to pay the investment amounts as stipulated in related agreements totalling Baht 3.50 million and USD 0.11 million

32 Events after the reporting period

On 9 January 2019, the Extraordinary General Meeting of Shareholders 1/2019 approved the transfer of legal reserves of Baht 3,813,156 and share premium of Baht 321,368,975 to offset the Company's deficits and also approved par value adjustment of ordinary shares to offset with the deficits from Baht 1.00 each to Baht 0.50 each. These will affect a decreasing in registered share capital from Baht 1,313,117,176 to Baht 656,558,588 and a decreasing in paid-up share capital from Baht 1,300,119,176 to Baht 650,059,588.