



M PICTURES

ANNUAL REPORT 2014

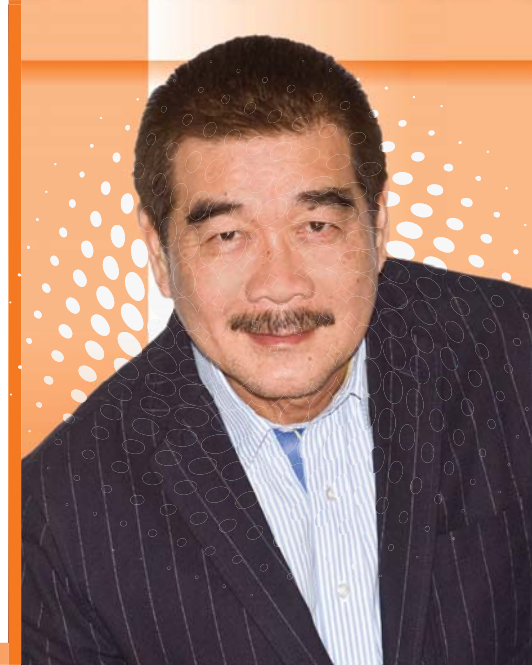
M Pictures Entertainment Public Company Limited



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Message from Chairman of the Board



Dear shareholders,

From 2013 to 2014, to reach the goal of being the leader of film-related business, M Pictures Group adjusted business policies and strategies; for instances, distributing film rights in diverse channels especially Cable TV and Digital TV, as well as producing Thai films for domestic market in order to meet the change of consumer behavior on technologies which has substantially increased. Consequently, the group's gross revenues have been increased from 770.10 million baht in 2013 to 832.21 million baht in 2014. Apart from that, the company decided to adjust some management policies and strategies by focusing on reduction cost of operation and increasing revenues with more efficiency.

In 2014, Cinema business has moderately expanded especially in the up country that was an opportunity in the growth of Thailand's film industry. Furthermore, the company also completed joint investment with business partners to launch a film studio for increasing the film manufacture capacity to support the prosperity of Thai film industry.

The Board of Directors strongly believes that the adjustment of policies and strategy to current circumstances, especially film rights distribution in Cable TV and Digital Media, including other channels, will essentially advance the company to become the leader of film-related business with more stability.

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

Board of Directors



Mr. Tirachai Vutithum

Independent Director and Chairman of the Board of Director

Age : 65

Shareholding : 0 %

Relationship with Management : No

Education :

- Ramkumhaeng University, Doctor of Philosophy Honorary Degree in Continuing Education
- American Coast University, Bachelor Degree in Psychology
- Ramkumhaeng University, Bachelor Degree in Business Administration

Training Program :

- Director Accreditation Program (DAP) 2004, Thai Institute of Director (IOD)
- Chief Executive Program, Class 8, Capital Market Academy (CMA)

Experiences :

- Present : Chairman of the Board, M Pictures Entertainment Plc.
: Chairman of developing futsal organization of Thailand
- Adviser to Executive Committee, Royal Thai Army Radio & Television
- Plan and Development Vice President, Rattana Bandit University
- President, Thai Male Soccer Player Foundation of Thailand
- Executive Committee, Aeronautical Radio of Thailand Ltd.
- Committee of Thai Sport Committee
- President, Bangkok Sport Association
- Representative, Thai Soccer Foundation
- Representative, Thai Rugby Foundation
- Vice Executive, Thailand University Games
- The Tour and Sports Commission
- Subcommittee Chairman, Rajpruek Club



Mr. Vicha Poolvaraluck

Director and Vice Chairman of the Board of Director

Age : 52

Shareholding : 0 %

Relationship with Management : No

Education :

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

Training Program :

- Directors Certification Program (DCP) Class 29/2003, Thai Institute of Director (IOD)

Experiences :

- 2008-Present : Director and Vice Chairman of the Board of Director, M Pictures Entertainment Plc
- 1995-Present : Chairman of Executive Committee, Major Cineplex Group Plc.
- 2003-Present : Director, Siam Future Development Plc.
- 2012- Present : Chairman, Major Cares Foundation
- Present : Director of Member's Activity, Chulalongkorn University Alumni Association

Board of Directors



Mr. Thanakorn Puriwekin

Director and Chief Executive Officer

Age : 58

Shareholding : 0.02%

Relationship with Management : Chief Executive Officer

Education :

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

Training Program :

- Director Accreditation Program (DAP),
Thai Institute of Director (IOD)

Experiences :

- 2013- Present : Director/ Chief Executive Director,
M Pictures Entertainment Plc.
- 1995-Present : Director / Chief Film Officer,
Major Cineplex Group Plc.



Mr. Thanachai Santichaikul

Independent Director and Chairman of Audit Committee

Age : 60

Shareholding : 0 %

Relationship with Management : No

Education :

- Thammasat University, Master Degree of Business Administration
- Chulalongkorn University, Advanced Certificate Course in Financial Audit
- Chulalongkorn University, Bachelor degree of Accountancy

Training Program :

- Directors Certification Program (DCP) Class 18, Thai Institute of Director (IOD)
- Capital Market Academy Leadership Program (CMA) Class 1
- Graduate Diploma in Politics and Governance in Democratic Systems for Executives Course, Class 11/King Prajadhipok's Institute

Experiences :

- 1976-1979 : SGV na Thalang Co.,Ltd.
- 1979-2012 : Nation Multimedia Group Plc.

Present Position

- Advisor, Printing and Paper Packaging Industry Group of The Federation of Thai Industry.
- Director, Federation of Accounting Professions of Thailand.
- Advisor, The Publishers and Booksellers Association of Thailand.
- Advisor, Thai Printing Association
- Advisor, The faculty of Commerce and Accountancy of Chulalongkorn University Alumni Association.
- Advisor, VIV Group.
- Advisor, The Majestic Creek Country Club
- Audit Committee, Chulalongkorn University.
- Director, Chulabook of Chulalongkorn University.
- Executive Director, TPN Media Co.,Ltd.
- Independent Director and Audit Committee, LDC Co., Ltd
- Independent Director and Audit Committee, Eastern Polymer Group Plc.
- Independent Director/ Chairman Audit Committee, M Pictures Entertainment Plc.

Board of Directors



Mr. Attapon Chodchoy

Independent Director and Audit Committee

Age : 58

Shareholding : 0 %

Relationship with Management: No

Education :

- Chulalongkorn University, Bachelor degree of Accountancy

Training Program :

- Directors Certification Program (DCP) Class 54/2005,
Thai Institute of Director (IOD)

Experiences :

- 2012-Present : Independent Director/ Audit Committee,
MK Restaurant Group Plc.
- 2012-Present : Finance Advisor,
Unique Plastic Industry Co., Ltd.
- 2001-2011 : Corporate Director and Finance and
Accounting Director, Molnycke
Health Care Thailand Co., Ltd.
- 1982-1999 : Executive Director/CFO,
Minor Corporation Plc.
- 1979-1982 : Auditor, SGV na Thalang Co., Ltd



Mr. Vichate Tantiwanich

Independent Director and Audit Committee

Age : 53

Shareholding : 0%

Relationship with Management : No

Education :

- University of Hartford Connecticut, USA, MBA, Finance and Marketing
- Chulalongkorn University, Bachelor of Economics,
Monetary and Public Economics

Training Program :

- Executive Leadership Program, Nida- Wharton, Pennsylvania, USA 2005
- Capital Market Academy (CMA#1) 2005
- Certified Financial Planner: CFP 2009
- Top Executive Program in Commerce and Trade (TEPCo#3),
Commerce Academy 2010
- CEDI-Babson Entrepreneurial Leadership Program
- Diploma, National Defence College,
The Joint State- Private Sector Course Class 26 (2013-2014)

Experiences:

- Present : Independent Director/Audit Committee,
M Pictures Entertainment Plc.
: Appellate Sub-Committee,
The Securities and Exchange Commission
: Director, Phatra Leasing Plc.
: Senior Vice President, Thai Beverage Plc.
: Chairman of Executive Board, Creative Entrepreneurship
Development Institute – CEDI, Bangkok University
: Vice President of Steering Committee,
Capital Market Academy
: Advisor, Market for Alternative Investment (MAI)
: Director and Chairman of Working Group in Finance business,
International Chamber of Commerce –Thailand
: Director, Thai Institute of Director (IOD)

Board of Directors



Mr. Verawat Ongvasith

Director

Age : 44

Shareholding : No

Relationship with Management : No

Education :

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

Training Program :

- Directors Certification Program (DCP),
Thai Institute of Director (IOD)

Experiences:

- 2013- Present : Director, M Pictures Entertainment Plc.
- 2002 -Present : Director/ Executive Director,
Major Cineplex Group Plc.
- 2003 – Present : Director, Siam Future Development Plc.
- Present : President, Sofitel So Bangkok.
: President, Veranda Resort and Spa.
: President, Veravat Construction Co.,Ltd.



Mr. Surachedh Assawareunganun

Director

Age : 40

Shareholding : 0 %

Relationship with Management : No

Education :

- Assumption University of Thailand,
Bachelor of Business Administration.

Experiences:

- 2015- Present : Director, M Pictures Entertainment Plc.
- 2003-Present : Managing Director, Film Business,
Kantana Group Plc.
- 2004-2007 : Digital Content Committee,
Ministry of Information and
Communication Technology

Board of Directors



Miss Thitapat Issarapornpat

Director and Acting on behalf of Company Secretary

Age : 46

Shareholding : 0%

Relationship with Management : No

Education :

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

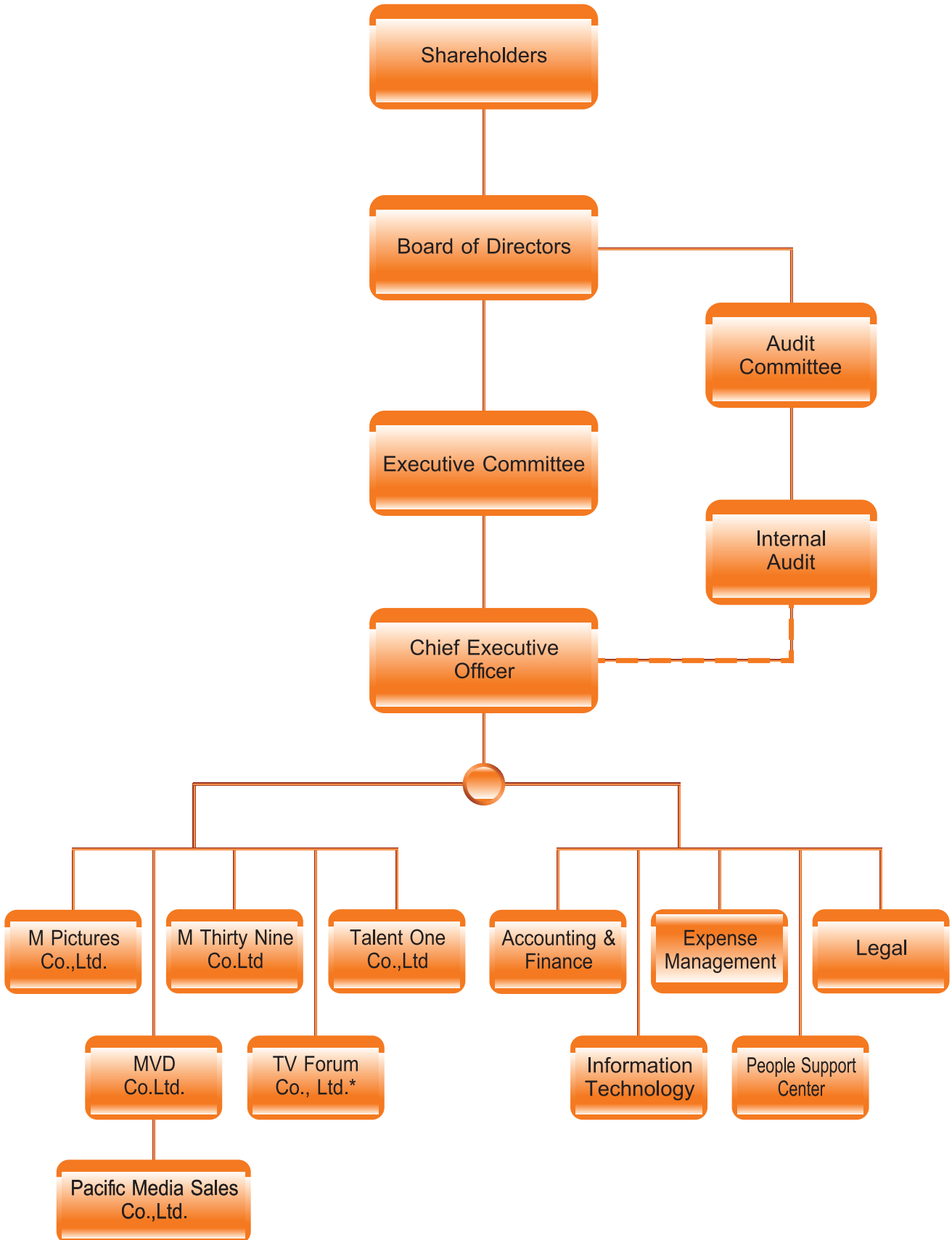
Training Program :

- Directors Certification Program (DCP148/2011), Thai Institute of Director (IOD)

Experience :

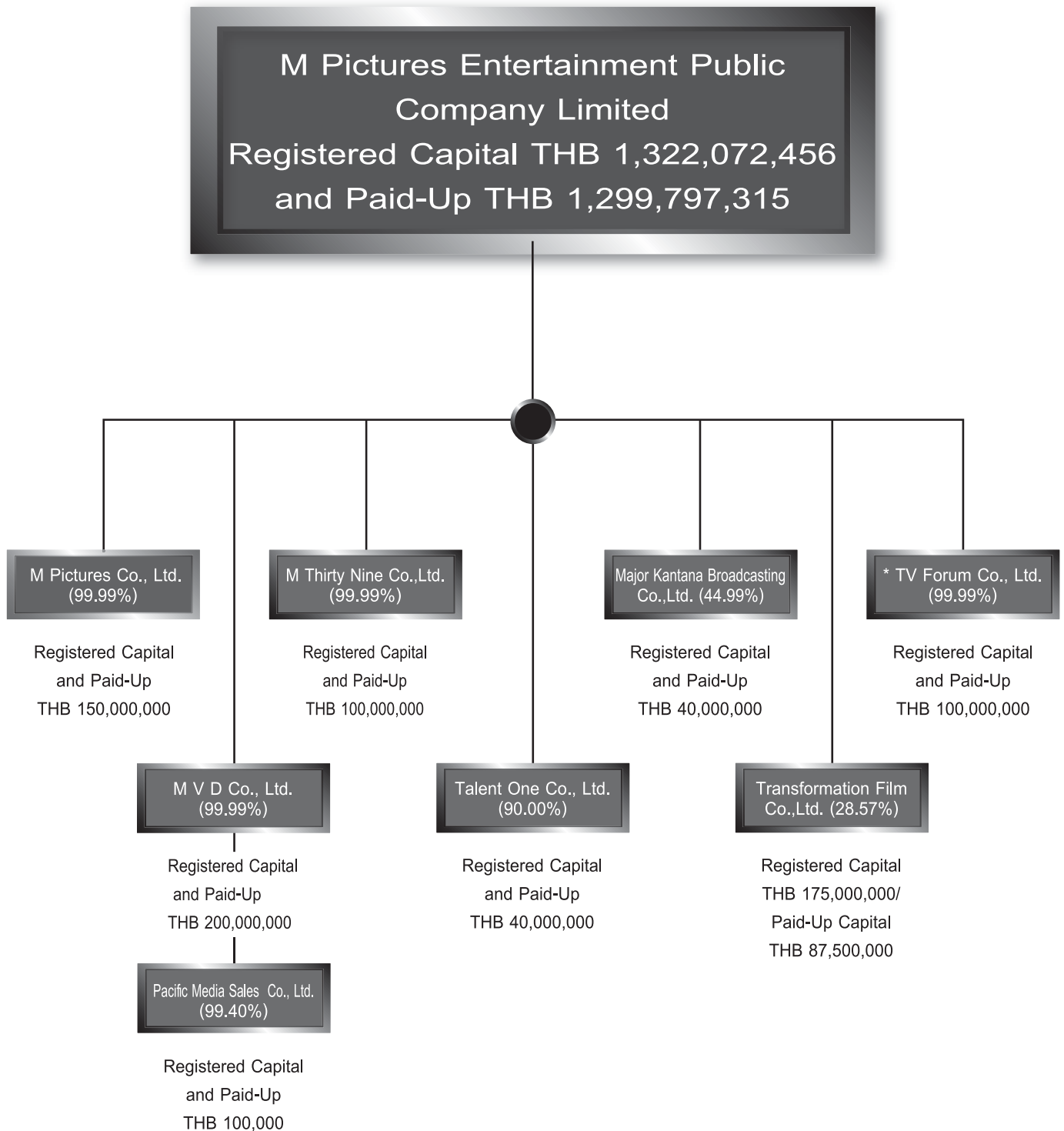
- Present : Director, M Picture Entertainment Plc.
- : Chief Finance Officer, Company Secretary Major Cineplex Group Plc.
- : Director, Thai Ticket Major Co., Ltd.
- : Director, EGV Entertainment Plc.
- : Director, Talent One Co., Ltd.
- : Director, K Arena Co., Ltd.
- 1991 - 2009 : Accounting Manager, Wiik & Hoeglund Public Co., Ltd.

Organization Chart As of December 31, 2014



*TV Forum has already ceased temporarily its operation

Shareholding Structure As of December 31, 2014



* TV Forum has already ceased temporarily its operation

Profiles of Company and Subsidiaries

M Pictures Entertainment Plc. (MPIC)

Nature of Business	Invests in subsidiaries in entertainment media business and also invests in through subsidiaries.
Company Registration No.	0107544000124
Head Office Location	234 Suzuki Avenue Building (Rachayothin) 13th Floor, Ratchayothin Road, Ladyao, Jatuchak, Bangkok
Website	www.mpictures.co.th/mpic/investors
Telephone	02-5120300
Facsimile	02-5120301, 02-5120302
Authorized capital	Common Share 1,322,072,456 Shares Paid-Up THB 1,299,797,315

M Pictures.Co.,Ltd. (MP)

Nature 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 feeding Cinemas and license to other person manufacture home entertainment medias.
Head Office Location	234 Suzuki Avenue Building (Rachayothin) 13th Floor, Ratchayothin Road, Ladyao, Jatuchak, Bangkok
Website	www.mpictures.co.th
Telephone	02-5120300
Facsimile	02-5120301, 02-5120302
Authorized capital	Common Share 1,500,000 Shares

M V D Co.,Ltd. (MVD)

Nature of Business	Provide film copyrights both international and Thai films to manufacture home entertainment medias
Head Office Location	234 Suzuki Avenue Building (Rachayothin) 13th Floor, Ratchayothin Road, Ladyao, Jatuchak, Bangkok
Website	www.mvd.co.th
Telephone	02-5120300
Facsimile	02-5120301, 02-5120302
Authorized capital	Common Share 20,000,000 Shares

M Thirty Nine Co.,Ltd. (M39)

Nature of Business	Produces Thai Film as a production studio to provide films to cinemas and license to other person manufacture home entertainment Medias.
Head Office Location	1839 Paholyothin Road, Ladyao, Jatuchak, Bangkok
Website	www.m-thirtynine.com
Telephone	02-5115811-4
Facsimile	02-5115810
Authorized capital	Common Share 1,000,000 Shares

Pacific Media Sales Co.,Ltd. (PMSL)

Nature of Business	Distributes and rent outs remaining stock of CD, VCD, and Games.
Head Office Location	234 Suzuki Avenue Building (Rachayothin) 13th Floor, Ratchayothin Road, Ladyao, Jatuchak, Bangkok
Telephone	02-5120300
Facsimile	02-5120301, 02-5120302
Authorized capital	Common Share 1,000 Shares

Talent 1 Co., Ltd. (T1)

Nature of Business	Book publisher and Thai film production studio to provide films to cinemas and license to other person manufacture home entertainment Medias.
Head Office Location	4 Soi Sukhumvit 36, Napasap Yak 2, Sukhumvit Rd., Klongton, Klongteay, Bangkok
Telephone	02-2617899
Facsimile	02-2617890
Authorized capital	Common Share 400,000 Shares

TV Forum Co.,Ltd. (TVF)*

Nature of Business	Engages in the marketing management services, as well as advertising media business, by providing rental of program production equipment, as well as acts as agent for the sale of advertising media.
Head Office Location	234 Suzuki Avenue Building (Rachayothin) 13th Floor, Ratchayothin Road, Ladyao, Jatuchak, Bangkok
Telephone	02-5120300
Facsimile	02-5120301, 02-5120302
Authorized capital	Common Share 1,000,000 Shares

* TV Forum has already ceased temporarily its operation.

References

Share Registrar Thailand Securities Depository Co., Ltd.
Office Location 62, Ratchadaphisek Road, Khlong Toei Sub-district, Khlong Toei District, Bangkok.
Telephone 02-229-2800
Facsimile 02-359-1262-3

Financial Auditor PricewaterhouseCoopers ABAS Limited.
Office Location 15th Floor Bangkok City Tower 179/74-80 South Sathorn Road Bangkok 10120
Telephone 02-3441000
Facsimile 02-2865050

Background and Development

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 invests Thai film production through the Company’s subsidiaries in 2011. As of December 31, 2014, there is THB 1,322,072,456 of registered capital and THB 1,299,797,315 paid-up capital.

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

In 1995 the Company have invested in **TV Forum Co.,Ltd. (TVF)** which its business is marketing and media advertising management, renting out tools for TV variety production, and act as media sale agent. This subsidiary has already temporarily ceased its business since December 2008.

In 2008 the Company has invested in **M Pictures Co.,Ltd. (MP)** 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.

In 2009 the Company has invested in **M V D Co.,Ltd. (MVD)** (previous name is 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.

In 2010 the Company has restructured and invested in **M Thirty Nine Co.,Ltd. (M39)** replace **M V D Co.,Ltd.** which engages in the business of Thai film production and providing the rights to cinemas, manufacture home entertainment media which provided by DVD,VCD and BLU-RAY and Free TV, Cable TV, Pay TV, and Pay Digital Cable TV film copyrights.

In 2013, the Company has invested additionally in 2 companies; **Talent One 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 in the present.

In 2014, the Company increased the registered capital to THB 1,322,072,456 and paid-up capital is THB 1,299,797,315 by Right Offering to the existing shareholders. Moreover, we joint invested 28.57% of registered capital (THB 175,000,000) in Thai film studio, Transformation Films Co.,Ltd., with True Icontent Co.,Ltd., Matching Studio Plus Co.,Ltd and Bangkok Film Studio Co.,Ltd.

Presently, the Company has investment in 6 companies as below;

1. M Pictures Co., Ltd. (Invested in February 2008)
2. M V D Co.,Ltd. (Invested in July 2009)
3. M Thirty Nine Co., Ltd. (Invested in March 2010)*
4. Pacific Media Sales Co., Ltd.**
5. TV Forum Co., Ltd. (Invested in Year 1995)***
6. Talent One Co., Ltd. (Invested in Year 2013)
7. Major Kantana Co., Ltd. (Invested in Year 2013)
8. Transformation Films Co., Ltd. (Invested in Year 2014)

Remarks * At first were MVD's subsidiaries, but after business restructuring became the Company's subsidiaries.

** MVD's subsidiaries.

*** Temporarily ceased running business since December since 2008.

Changes in the Previous Year

In 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. in amount of THB 50,000,000 or 28.57% of the registered capital (THB 175,000,000) for support Thai Films' business besides M Thirty Nine Co., Ltd. and Talent One Co., Ltd. The partners of the investment have potentials driving Thai movies successful. The First movie was Chiang Khan Story.

The Conclusion of 2014, the revenue of the Group increased by comparing the year 2013 since we selected movies carefully and revenue from home entertainment was improved by comparing the previous year. In addition, we have planned the strategy by considering all risk in the future and market's conditions.

Film rights' distribution and film production have satisfied grown up because the Company concisely selected the movies focusing the target group by planning the suitable time movies showing. The revenue was derived from licensing film rights to Free TV and Cable TV and to have the digital TV was a factor making the revenue higher.

The performance of Thai film production managed by M Thirty Nine Co.,Ltd.and Talent One Co.,Ltd. was unpleasant thus, we will produce and distribute more carefully. However, we promise to make good movies to consumer.

Nature of Business

M Pictures Entertainment Plc.

M Pictures Entertainment Plc. invests in companies engaged in the media movie business, provides ,and buys Thai & International films copyrights for cinemas, 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.

Products/Services

No.	Company	Categories of Products and Services	Channels	Remarks
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 studios and produces Thai films as production studio.	Cinemas, Free TV, Cable TV, Pay TV, Home Entertainment Media	-
3.	M V D Co.,Ltd.	Provides and buys Thai and international film copyrights for home entertainment media	Home entertainment medias as DVD, VCD, Blu-Ray	-
4.	M Thirty Nine Co.,Ltd.	Thai Films Production studio	Cinemas, Free TV, Cable TV, Pay TV, Home Entertainment Media	-

No.	Company	Categories of Products and Services	Channels	Remarks
5.	Talent 1 Co.,Ltd.	Book publisher and Thai film production studio	Book store and Cinemas, Free TV, Cable TV, Pay TV, Home Entertainment Media	
5.	Pacific Media Sales Co.,Ltd.	Distributes and rent out service of Movie VCD, Series, Varieties, Songs, and Games	Through agents and VDO rentals	-
6.	TV Forum Co.,Ltd.	Engages in the marketing management services, as well as advertising media business, by providing rental of program production equipment, as well as acts as agent for the sale of advertising media.	-	Already ceased temporarily its operation

Marketing and Competitive Condition

Marketing Policy and Making Strategy

Marketing Strategies

- **Strategy on movie quality**

The Group is looking to obtain copyrights for international films and production of Thai movies, as well as production and distribution of movies on VCD, DVD, Blue Ray, Free TV, Pay TV, and Digital Media 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 studios that could win popularity in Asian Region, independent producers of groundbreaking films, as well as movie studios in Thailand. In the production of Thai movies, 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 moviemaking to 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 has strong partnership with advertisement's company supporting the business. 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.

Group of Target

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

Competitive Potential

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, producing movies on VCD, DVD and Blue Ray. 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, hence enabling it to tap a new target market. Moreover, the Group also distributes movie rights to international market such as Cambodia and Vietnam.

Providing of Products and Services

The Group has engaged in a movie business, acquiring, through its subsidiaries, copyrights for quality movies from film festivals around the globe such as world-class Hollywood-based studios, Asia-based studios, independent studios, and studios in Thailand. A member of the Group produces Thai movies for theatrical release and another member produces movies on VCD, DVD and Blue Ray and sells rights for those movie releases on free TV, cable TV and digital media, which could address customers' need for viewing movies on diverse kinds of media.

M Pictures Co.,Ltd.

Engages film business by buying international and Thai films for showing through Cinemas and permits film copyrights on remuneration basis to home entertainment manufacturers to manufacture DVD, VCD, and Blue-Ray. Furthermore, the Company has a strategy to increase business channels by broadcasting the Company's films through Free TV, Cable TV, and Digital TV and distribute Thai movie through theater leaders around Thailand.

- **Products/Services**

Provides and buys quality film copyrights from Europe, America, Asia, and Thai in order to manage such film copyrights by showing and distributing them through direct and indirect such as cinemas, home entertainment media [DVD, VCD, Blu-Ray], Free TV, Cable TV and digital channels.

- **Marketing Strategies**

M Pictures Co., Ltd. emphasizes the acquisition of rights for quality movies from abroad such as Europe, the US, Asia and well-known independent studios. Movies are selected by basing primarily on viewers' preference so as to best match their demand. The movies are released through the following channels and methods:

Show in theaters

The company has agreements which distribute revenue in the same standard with theaters such as Major Group's, EGV's and SF's including the provincial cinemas.

Marketing Planning

The Company plans to promote and advertise the Company's films which will present in Cinemas for focusing on target group of viewers.

Permit rights on remuneration basis (Home entertainment Business)

The Company licenses film copyrights to the big home entertainment media manufacturer to make into DVD, VCD, and Blu-Ray for distribution.

Permit rights on remuneration basis (Pay TV broadcast business)

The Company permits film copyrights to Pay TV, and Pay Digital Cable TV, the big and popular channels such as TRUE Vision, M Channels

Permit rights on remuneration basis (Free TV broadcast business)

The Company permits film copyrights to Free TV and Free Cable TV such as Channel 7 and , MONO channel.

Permit rights on remuneration basis (Internet, IPTV business)

The Company permits film copyrights to Internet IPTV such as TOT, True Digital, Zab Movie.

All above sources of income are major income of the Company. The Company tries to find more channels for distributing the Company's films which will increase the Company's turnover.

- **Competitive Potential**

The past year the economic decelerated. However, M Pictures Co., Ltd., an importer of 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 captures a distinct share of market. 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.

- **Customer**

Direct customers of the Company are Cinemas, Home Entertainment Manufactures, Pay TV, Digital TV, Cable TV, Free TV, and Free Cable TV and indirect customers are minor who watch the Company's films from TV or Cable broadcasting and buy home entertainment media from the Company's business partners.

M V D Co.,Ltd.

Engage home entertainment media manufacture and distribution in form of DVD, VCD, and Blu-Ray from Hollywood, Independent Studio and Thai Studio.

- **Products/Services**

Provide quality Thai and international films to make into DVD, VCD, and Blu-Ray for distribution.

- **Marketing Strategies**

MVD Co., Ltd. has selected a vast variety of popular Thai and international movies to most truly serve consumers' home-entertainment demand. A focus has been placed on attractive and trendy package designs so that buyers might wish to collect rather than buying the movies simply for viewing purpose. Aside from the production and distribution plans, the Company has partnered with strong distributors such as 7 Eleven, Mangpong, B2S, Boomerang, etc. and has endeavored to increase the distribution channels to ensure a broader consumer reach and the Company's stronger income growth.

- **Competitive Potential**

The past year, Home Entertainment business decelerated which cause the revenue of the company could not hit the goal but it did not much affect the financial status because MVD is currently the country's top ranking home entertainment operator since it has a network of product and service distribution channels and service centers in all parts of the country. As such, the Company has equal or greater competitive edge over other players.

M Thirty Nine Co.,Ltd.

Core business as Thai film production for showing through Cinemas and permitting film copyrights on remuneration basis to home entertainment manufacturers to produce DVD, VCD, and Blue-Ray and also to increase business channels by broadcasting the Company's films through Free TV, Cable TV, and Pay Digital Cable TV.

● Products/Services

M Thirty Nine Co., Ltd. has engaged in Thai movie production business. It targets to produce around 4-5 quality films a year for theatrical releases, with different contents. In 2014, the revenue from M39 was not satisfied but "Call Me Bad Girl" was successful movie and well received overwhelming responses from moviegoers.

● Marketing Strategies

Consumers have become more selective about the movies of their preference and paid greater attention to Thai movies. This is evident from the success of several Thai films in the recent period. The Company has devised marketing and advertising strategies with proper timing for releasing its movies to best match consumers' taste, resulting in a success in a number of its movies.

The Group's full range of entertainment business enables group-wide maximization of resources management. Moreover, an increase in its business lines helps to expand the Group's income sources from support services and movie advertising.

● Competitive Potential

There are a growing number of Thai movie productions, some of whom are successful and some are not. M Thirty Nine Co., Ltd. operates the business with a strong determination and best effort in order to remain competitive with other players. In the past year, there was successful film "Call Me Bad Girl" being the evidence to its ability to well responds to consumers' demand. 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.

Talent One Co.,Ltd

Core business as Thai film production for showing through Cinemas and permitting film copyrights on remuneration basis to home entertainment manufacturers to produce DVD, VCD, and Blue-Ray and also to expand business channels by broadcasting the Company's films through Free TV, Cable TV, and Pay Digital Cable TV. Moreover, Talent One Co.,Ltd is an acceptable book publisher.

● Products/Services

Talent 1 Co., Ltd. has engaged in Thai movie production business. It targets to produce quality movies. In 2014, there was only one Thai movie "The Couple".

- **Marketing Strategies**

Consumers have become more selective about the movies of their preference and paid greater attention Thai movies. In 2014, Thai films business dropped by comparing the previous year therefore, T1 has turned to series maker that the first series was 7 วันอันตราย for supporting Workpoint Channel.

- **Competitive Potential**

There are a growing number of Thai movie productions. Talent One Co., Ltd. Is a new Thai film production studio with a strong determination and best effort in order to remain competitive with other studios. 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.

Pacific Media Sales Co.,Ltd.

Engage business as entertainment media distributor and VDO rental of movie CD, VCD, series, TV variety, songs, and games.

- **Products/Services**

Distribute remained stock of CD, VCD, DVD.

- **Marketing Strategy**

The Company tries to manage remained product stock by adjust and improve product packages to new look and distribute and rent out through agents and VDO rentals.

- **Competitive Potential**

As Group of Company is in business area of VCD and DVD distribution, the Company snatches the distribution channels of the Group of Company to present the Company's products. The business of Pacific Media Sales Co., Ltd. is just only the support business of Group. Therefore, there is no direct effect from business competition.

TV Forum Co.,Ltd.

Engages in the marketing management services, as well as advertising media business, by providing rental of program production equipment, as well as acts as agent for the sale of advertising media, however, the Company has already temporary ceased business operation resulted from its turnover are not reach the target.

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 licenses, especially films licenses from major outfits in Hollywood and from independent outfits, 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. It is, of course, difficult for the Company to avoid impacts from the Hollywood film trend. 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. The intervals to be affected are the 1st and 3rd quarters as a consequence of the temporary unavailability of Hollywood films, whereas in the 2nd and 4th quarters the Company is not much affected by the Hollywood trend because many of the Company's suppliers are major film outfits of Hollywood. However, the Company has mitigated the impact by procuring award-winning films, autumn films and/or films from independent outfits. 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 procuring both Thai and foreign film's licenses 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 Begin Again, Whiplash, Stand by Me Doraemon and Call Me Bad Girl.

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

Risk Regarding Exchange Rates

The domestic problems and the economic conditions both inside and outside the country produced great impacts on the exchange rate fluctuation, thereby affecting the Company, which imports foreign films, using foreign currencies, i.e. U.S. Dollar, Euro and currencies of some Asian countries, to trade in film licenses. This fluctuation therefore produces business impacts on the Company.

Regarding this point, the Company has planned to reduce the risk factor and the fluctuation in exchange rates by preparing a budget to select and purchase films carefully, making available a succinct structure of spending and estimated returns on the film licenses so purchased and negotiating with the license sellers to obtain good quality films at appropriate prices, as well as by building good connections with the license sellers to compensate for the exchange rate impact that may occur.

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 2014 had not much effect on the Company though, there are new films' distributors such as Handmade Distribution and MonoFlim but there are a small number of operators of business in the same category and of the same size as those of the Company. But 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 procuring 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 of 2014, regarding the procurement of film copyrights 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 laid down 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 found other distribution channels to abroad.

Risk from Copyright Infringements

The spread of pirated goods is an important problem that impairs 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 licenses.

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 92.49% of the paid-up shares of MPIC which is Major Cineplex Group 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 2014, paid up ordinary shares of the Company in amount of 92.49% was hold by a major shareholder and 7.51 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 (as per details in clause number 4). Each and every shareholder has equal rights as follows:

1. The right to receive information on the Company's operation on a regular and timely basis.
2. The right to participate in the shareholders' meetings, express opinions and
3. The right to be informed of Company and groups related transactions
4. 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 undertakes various forms of charity projects and activities which benefit society as a whole.

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 2014, the Company held the Annual General Shareholders' meeting on 23 April 2014, 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 (DCP)

Mr. Vicha Poolvaraluck
Mr. Thanachai Santichaikul
Mr. Attapon Chodchoy
Mr. Verawat Ongvasith
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

At of 31 December 2014, 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% 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 polices with regard to supervision and management.

- **Mr. Tirachai Vutitham**, 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** is Director and Chief of Executive Offer, and is responsible for being leader of the Company's management term, 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 2014, the Company held 5 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.

(Detailed in Board and Executives attended the meeting P.39)

12. The Committees

The company sets up the Sub-Committee, namely Audit Committee, Executive Committee (detailed in Board and Committee structure P.33)

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 team are responsible for the Company in remaining the Company's internal control system. In the Board of Directors' Meeting No.1/2015 hold on February 9, 2015 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 Risk Management 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 of information

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

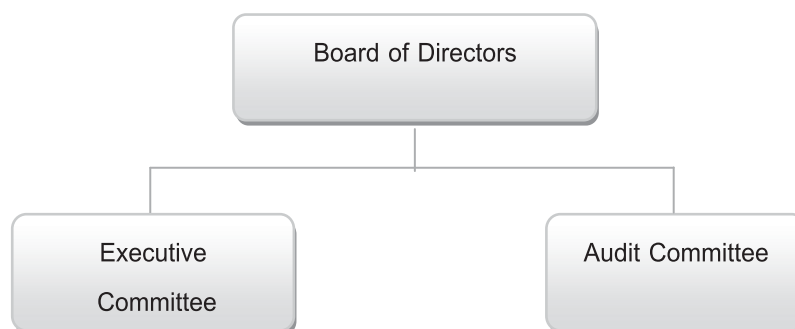
The Company frequently compares business targets of the Company with operation results, and makes report to the Board of Directors. Moreover, the Company provides the internal auditing which will directly report to the Audit Committee.

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 2014 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.

Boards and Committee Structure

The Board and Committee of the Company consisted 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:



Board of Directors

As of December 31, 2014, there were Directors in the Board of Directors as namely below;

			<u>Positioned Date</u>
1	Mr. Tirachai Vutithum	Independent Director/Chairman of the Board	April 23, 2014
2	Mr. Vicha Poolvaraluck	Director/Vice Chairman of the Board	April 23, 2013
3.	Mr. Thanakorn Puriwekin	Director/Chief Executive Officer	November 5, 2013
4	Mr. Thanachai Santichaikul	Independent Director/Chairman of the AC	May 10, 2013
5	Mr. Attapon Chodchoy	Independent Director/ AC	May 10, 2013
6	Mr. Vichate Tantiwanich	Independent Director/AC	April 23, 2014
7	Ms. Thiatpat Issapornpat	Director	April 23, 2014
8	Mr. Verawat Ongwasith	Director	November 5, 2013
9	Mr. Sagnar Chatchairungruang*	Director	November 5, 2013
10	Mr. Surachedh Assawareunganun**	Director	February 10,2015

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

Note * Mr. Sagnar Chatchairungruang resigned from Director at February10, 2015

** Mr. Surachedh Assawareunganun has appointed to the Director since February10, 2015.

Directors authorized to sign binding the Company consist of Mr.Vicha Poolvaraluck, 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 (including 4 independent directors) to executive directors is 5 to 4 which is more than half of the total number of directors.

ROLE AND RESPONSIBILITIES OF THE COMPANY'S BOARD OF DIRECTORS

The Company's Board of Directors' important role and responsibilities are as follows:

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.

The Company's Board of Directors has set up sub-committees to study and screen projects/work plans in accordance with the Company's Board of Directors' policy, which are the Audit Committee and Executive Committee.

The Audit Committee

As of 31 December 2014, the Audit Committee consisted of 3 directors as follows:

1. Mr. Thanachai Santichaikul Independent Director/Chairman of the Audit Committee
2. Mr. Attapon Chodchoy Independent Director and Audit Committee
3. Mr. Vichate Tantiwanich Independent Director and Audit Committee

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

The Audit Committee's term lasts 3 years and the directors have undergone the following training from the Thai Institute of Directors' Association - (IOD):

1. Mr. Thanachai Santichaikul Independent Director/Chairman of the Audit Committee

Undergone training programs:

- Director Certification Program (DCP)

2. Mr. Attapon Chodchoy Independent Director/Audit Committee

Undergone training programs:

- Director Certification Program (DCP)

3. Mr. Vichate Tantiwanich Independent Director/Audit Committee

Undergone training programs: None

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 year.

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 Directors
2. Hold shares not exceed 0.5% of total voting right shares of the Company and also are included of shareholding of related parties.
3. Within preceded 2 years until present, shall not be participated in business management and controllable
4. Within preceded 2 years until present, shall not be in business relationship with the persons below;
 - Auditor: Strict prohibition
 - Other Professional Service Provider: Transaction value exceeds of 2 million baht/year

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 appointed as a representative of other shareholders who bear relationship with major shareholders of the Company such as spouse, adopted child, etc.
6. Do not be director of other listed company in group.
7. Do not be management team, employee or advisor which regularly receives salary from the company, subsidiaries, or major shareholders.

8. Do not be benefit person whether directly or indirectly, in aspects of both financial and management of the company and subsidiaries.
9. There no relation with the executives or major shareholders.
10. Do not be agent on caring benefit of directors, major shareholders, shareholder which is related to major shareholder.

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.

Executive Committee

As of 31 December 2014, the Company's Executive Committee was consisted of 3 persons as below:

1. Mr. Thanakorn Puriwekin
2. Ms. Thitapat Issarapornpat
3. Mr. Sangar Chatchairungruang

ROLE AND RESPONSIBILITIES OF THE RISK MANAGEMENT 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.

Scope of operation approval authority of Executive Committee

2 Directors to sign to bind the Company together sign and affix the Company's seal except to approve financial limit in amount of exceed of 10 million baht.

Executive Management Team

As of 31 December 2014, Executive team of Group of Companies consists of 4 executives as follows:

1. Mr. Thanakorn Puriwekin Chief Executive Officer/ Executive of M V D Co., Ltd.
2. Mr. Pornchai Wongsriudomporn Executive of M Pictures Co., Ltd.
3. Mrs. Chantima Liawsirikun Executive of M Thirty Nine Co., Ltd.
4. Ms. Laddawan Rattanadilokchai Executive of Talent One Co., Ltd.

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 2014, the following meetings were hold:

Board of Directors' Meeting	5	times
Audit Committee's Meeting	4	times
Annual General Shareholders' Meeting	1	time
Extraordinary General Shareholders' Meeting	1	time

In this connection, the following directors and executives attended the meetings

No	Name	Board Meeting	AC Meeting	AGM	EGM
1	Mr. Tirachai Vutithum	4/5	-	Attended	Attended
2	Mr. Vicha Poolvaraluck	4/5	-	Attended	Attended
3	Mr. Thanakorn Puriwekin	5/5	-	Attended	Attended
4	Mr. Thanachai Santichaikul	5/5	4/4	Attended	Attended
5	Mr. Attapon Chodchoy	5/5	4/4	Attended	Attended
6	Mr. Vichate Tantiwanich	3/5	3/4	-	Attended
7	Ms. Thitapat Issarapornpat	5/5	-	Attended	Attended
8	Mr. Verawat Ongvasith	3/5	-	Attended	Attended
9	Mr. Sangar Chatchairungruang*	4/5	-	Attended	Attended
10	Mr. Surached Assawareunganun**	N/A	N/A	N/A	N/A

Note:

* Mr Sangar Chatchairungruang resigned from Director at February 10, 2015

** Mr. Surached Assawareunganun has appointed to the Director since February 10, 2015.

Scope of operation approval authority of 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.

Remuneration of the Board of Directors and Executives

The Company has set an appropriate level of remuneration for its directors and executives relative to other companies in the same business sector. The Director Remuneration payable each year is proposed to the Company's Board of Directors, as well as to the shareholders for approval.

As for the remuneration of executive officers, this is based on the Company's performance, as well as to the performance of each executive.

In 2014, the remuneration was paid as detailed below:

Monetary Compensation

The remunerations of 9 Board of Directors totaled 954,000 baht in the form of remuneration and meeting allowances :

1	Mr.Tirachai Vutithum	amount	142,000	baht
2	Mr.Vicha Poolvaraluck	amount	122,000	baht
3	Mr.Thanakorn Puriwekin	amount	100,000	baht
4	Mr.Thanachai Santichaikul	amount	130,000	baht
5	Mr.Attapon Chodchoy	amount	100,000	baht
6	Mr.Vichate Tantiwanich	amount	84,000	baht
7	Ms.Thitapat Issarapornpat	amount	100,000	baht
8	Mr.Verawat Ongvasith	amount	84,000	baht
9	Mr.Sangar Chatchairungruang*	amount	92,000	baht

Note:

- * Mr. Sangar Chatchairungruang resigned from Director at February 10, 2015

The total remuneration of 4 Executives was THB 10.67 million consisting of salary and other welfare benefits.

Human Resource

As of December 31, 2014, there are 121 employees in the Company and subsidiaries as detailed follows;

	Amount [Employees]
1. Executives and Employees of M Pictures Entertainment Plc.	28
2. Executives and Employees of M Pictures Co.,Ltd.	22
3. Executives and Employees of M V D Co.,Ltd.	32
4. Executives and Employees of M Thirty Nine Co.,Ltd.	22
5. Executives and Employees of Talent 1 Co.,Ltd.	17
6. Executives and Employees of Pacific Media Sales Co.,Ltd.	-
7. Executives and Employees of TV Forum Co.,Ltd	-
Total	121

As at end of 2014, total remuneration featuring with salary, providence fund and other welfares of all executives and employees of the Company and subsidiaries is approximately THB 63.36 million.

Related Transaction

Person/Juristic person who may have conflict of interest	% of Ownership interest	Type of transactions	Amount (million baht)	Major details/condition
Major Cineplex Group Plc.	92.49% direct holding	Revenue		
		1. Revenue sharing from theatrical	100.28	Revenue sharing from theatrical release. This is a normal transaction.
		2. Sale of goods	0.03	This is a normal transaction.
		Expense		
		1. Rental, services and utilities fee	4.34	Rental space and services for company's office.
		2. Theatrical Services	7.68	This is a normal transaction.
		3. Advertising expense	2.50	This is a normal transaction.
		4. Others expense	0.41	This is a normal transaction.
		5. Interest expense	0.96	Interest rate 3.5% per year. This is a normal transaction.
		Trade accounts receivable	6.35	This is a normal transaction.
		Accrued income	3.63	This is a normal transaction.
		Deposit	1.26	This is a normal transaction.
		Trade accounts payable	6.34	This is a normal transaction.
		Other payable	0.05	This is a normal transaction.
Major Kantana Broadcasting Co.,Ltd	Joint ventures with 44.99% holding	Revenue		
		1. Sale of goods	0.30	This is a normal transaction.
		2. Revenue from services	6.07	This is a normal transaction.
		Expense		
		1. Advertising expense	1.36	This is a normal transaction.
		Trade accounts receivable	30.03	This is a normal transaction.
		Other receivables	0.13	This is a normal transaction.
		Other payables	0.29	This is a normal transaction.

Person/Juristic person who may have conflict of interest	% of Ownership interest	Type of transactions	Amount (million baht)	Major details/condition		
Transformation Films Co.,Ltd	Joint ventures with 28.57% holding	1. Revenue from management	7.30	This is a normal transaction.		
		2. Accrued interest receivable	3.63	Interest rate 6.0% per year. This is a normal transaction		
		3 Revenue from services	1.07	This is a normal transaction		
		Trade accounts receivable	1.15	This is a normal transaction		
		Other receivables	116.59	This is a normal transaction		
		Trade accounts payable	0.53	This is a normal transaction		
		Other payables	20.82	This is a normal transaction		
		EGV Entertainment Plc.	Associate with Major Cineplex Group Plc.	Revenue		
1. Revenue sharing from theatrical	19.51			Revenue sharing from theatrical release. This is a normal transaction.		
Expense						
1.Theatrical Services	1.88			This is a normal transaction.		
2.Advertising	0.05			This is a normal transaction		
Trade accounts receivable	1.26			This is a normal transaction.		
Accrued income	0.68			This is a normal transaction.		
Trade accounts payable	1.16			This is a normal transaction.		
Siam Cineplex Co.,Ltd.	Associate with Major Cineplex Group Plc.			Revenue		
				1 Revenue sharing from theatrical	15.14	Revenue sharing from theatrical release. This is a normal transaction.
		Expense				
		1.Theatrical Services	0.30	This is a normal transaction.		
		Trade accounts receivable	1.15	This is a normal transaction.		
		Accrued income	0.40	This is a normal transaction.		
		Other receivables	0.23	This is a normal transaction.		
		Trade accounts payable	0.24	This is a normal transaction.		

Person/Juristic person who may have conflict of interest	% of Ownership interest	Type of transactions	Amount (million baht)	Major details/condition
Major Cinead Co.,Ltd.	Associate with Major Cineplex Group Plc.	Revenue		
		1.Advertising income	60.40	Advertising income from theatrical media. This is a normal transaction.
		2. Sale of goods	0.10	This is a normal transaction.
		Expense		
		.Advertising	0.15	This is a normal transaction.
		Other expense	0.07	This is a normal transaction.
		Trade accounts receivable	7.74	This is a normal transaction
Bangkok Imax Theatre Co.,Ltd	Associate with Major Cineplex Group Plc.	Revenue		
		1 Revenue sharing from theatrical	0.12	Revenue sharing from theatrical release. This is a normal transaction.
Major Bowl Group Co.,Ltd	Associate with Major Cineplex Group Plc.	Expense		
		Other Expense	0.10	This is a normal transaction.

Audit Fee

In the past fiscal year, 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 4,430,000 baht.

Company	Audit Fee (baht)
M Pictures Entertainment Plc.	2,205,000
M Pictures Co., Ltd.	455,000
MVD Co., Ltd.	535,000
Pacific Media Sales Co., Ltd.	100,000
M Thirty Nine Co., Ltd.	425,000
TV Forum Co., Ltd.	50,000
Talent One Co.,Ltd	150,000
Major Kantana Broadcasting Co., Ltd.	260,000
Transformatiom Films Co., Ltd.	250,000
Total	4,430,000

Other Service Fee [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.

Top 10th Major Shareholders

(As of February 26, 2015)

	Number of Shares	Percentage (%)
1. Major Cineplex Group Plc.	1,202,130,480	92.49
2. Mr. Varut Tantipiphob	10,838,900	0.83
3. Ms. Sasithorn Ake-Attasit	7,680,000	0.59
4. Ms. Pranee Chuachetton	7,542,000	0.58
5. Mrs. Pornnapat Ongvasith	7,379,400	0.57
6. Ms. Supitsara Chatkul na Ayuttaya	6,589,300	0.51
7. Mr. Chairat Saetung	5,410,000	0.42
8. Mrs. Surang Preampri	5,000,000	0.38
9. Thai NVDR Co.,Ltd.	4,033,800	0.31
10. Mrs. Nipa Parkvisarn	3,471,700	0.27

Brief of Directors and Executives of M Group

Directors & Executives		Company List						
		Company	Subsidiaries					
		MPIC	MP	MVD	M39	T1	PMSL	TVF
1. Mr. Tirachai	Vutithum	X	-	-	-	-	-	-
2. Mr. Vicha	Poolvaraluck	/	-	-	-	-	-	-
3. Mr. Thanakorn	Puriwekin	/, //, X**	/, //, X	/, //, X	/, //, X	/	/, //, X	/, //, X
4. Mr. Thanachai	Santichaikul	/, X*	-	-	-	-	-	-
5. Mr. Attapon	Chodchoy	/	-	-	-	-	-	-
6. Mr. Vichate	Tantivanich	/	-	-	-	-	-	-
7. Ms. Thitapat	Issarapompat	/, //	/, //	/, //	/, //	/, //	/, //	/, //
8. Mr. Verawat	Ongvasith	/	-	-	-	-	/	-
9. Mr. Sangar	Chatchairungruang*	/, //	/, //	/	/	-	/	/
10. Mr. Surachedh	Assawareunganun**	/, //	-	-	-	-	-	-
11. Ms. Laddawan	Rattanadilokchai	-	-	-	-	/, //	-	-

Remark : Company and subsidiaries information as of December 31, 2014

/ = Director

// = Executive Director

X = Chairman of the Board

X* = Chairman of the Audit Committee

X** = Chief of Executive Officer

Note:

* Mr. Sangar Chatchairungreung resigned from Director at February 10, 2015

** Mr. Surachedh Assawareunganun has appointed to the Director since February 10, 2015

Company & subsidiaries List

MP M Pictures Co.,Ltd.

MVD M V D Co.,Ltd.

M39 M Thirty Nine Co.,Ltd.

PMSL Pacific Media Sales Co.,Ltd.

T1 Talent 1 Co.,Ltd.

TVF TV Forum Co.,Ltd.

Income Structure

Revenue of the company group categorized by each segment within 3 years (2012-2014) in the below table:

[Unit: Million Baht]

Business Line	2014		2013		2012	
	Amount	%	Amount	%	Amount	%
VCD/DVD	382.37	45.00	276.34	35.59	609.61	58.03
Film rights	379.33	44.64	315.10	40.58	177.93	16.94
Thai film production	67.34	7.93	168.03	21.64	213.64	20.34
Book seller	9.17	1.08	10.62	1.37	21.13	2.01
Others	11.45	1.35	6.40	0.82	28.15	2.68
Total Revenue	849.66	100.00	776.49	100.00	1,050.46	100.00

Business Line	Company	% of total shares
Film rights	M Pictures Co.,Ltd.	99.99
VCD/DVD	M V D Co.,Ltd.	99.99
Thai film production	M Thirty Nine Co.,Ltd.	99.99
	Talent One Co.,Ltd.	90.00
Book seller	Talent One Co., Ltd	90.00

Operation Highlight

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

[Unit: Million Baht]

Financial Statement Information	December 31, 2014	December 31, 2013	December 31, 2012	Percentage of Change	
				2014-2013	2013-2012
Total Assets	1,213	1,206	1,374	0.6	(12.2)
Total Liabilities	336	1,106	1,014	(69.6)	9.1
Shareholder Equity	877	100	360	777.0	(72.2)
Registered Capital	1,322	676	648	95.6	4.3
Paid-Up Capital	1,300	658	641	97.6	2.7
Total revenues	857	776	1,050	10.4	(28.9)
Total Expenses	1,046	1,058	1,397	(1.1)	(24.3)
Net Profit (Loss)	(189)	(282)	(347)	32.9	18.7
Earning (Loss) per share (Baht)	(0.21)	(0.38)	(0.54)	44.7	29.6

Financial Ratio

Financial Statement Information	December 31, 2014	December 31, 2013	December 31, 2012
Return on Total Revenue [%]	(22.6) %	(36.6) %	(33.9) %
Return on Shareholder's Equity [%]	(38.7) %	(122.2) %	(63.1) %
Return on Total Assets [%]	(15.1) %	(18.9) %	(20.9) %
Debt to Equity Ratio [times]	0.38	11.04	2.81
Book Value per Share [Baht]	0.67	0.15	0.56

Management Discussion and Analysis Year 2014

Operation results of the Company and subsidiaries

The Group generated loss in 2014 and 2013 in amount of THB 189.26 million and THB 281.60 million respectively.

Total revenues were recorded at Baht 857.01 million, main revenue in amount of Baht 380.13 million from moviemaking and film rights businesses, Baht 379.67 million from VCD and DVD distribution, Baht 9.17 million from selling book, Baht 7.0 million from management fee, and Baht 62.23 million from advertising, representing 44.36%, 44.30%, 1.07%, 0.82% and 7.26% of total revenues respectively. Compared with 2013, the total revenues increased about 10.37%.

Total expenses became lower about 1.12% from Baht 1,058.10 million in 2013 to Baht 1,046.27 million in 2014. Costs of production and services climbed from Baht 568.69 million to Baht 632.97 million or 11.30 % and selling and administrative expenses decreased from Baht 452.36 million to Baht 407.31 million or 9.96%.

Revenues

The Group's total revenues in 2014 increased around Baht 80.51 million or 10.37% from a year earlier, which could be broken down by line of business in the below table:

(Unit: Million Baht)

Business Line	Amount		Increase/(Decrease)		Ratio : Total Revenue	
	2014	2013	Amount	%	2014	2013
VCD-DVD	379.67	276.34	103.33	37.39%	44.30%	35.59%
Film rights	312.82	219.22	93.60	42.70%	36.50%	28.23%
Film production	67.31	154.57	(87.26)	(56.45%)	7.85%	19.91%
Publisher	9.17	10.62	(1.45)	(13.65%)	1.07%	1.37%
Management fee	7.00	-	7.00	100.00%	0.82%	0.00%
Advertising	62.23	109.34	(47.11)	(43.09%)	7.26%	14.08%
Other Revenue	18.80	6.40	12.40	193.75%	2.19%	0.82%
Total Revenue	857.00	776.49	80.51	10.37%	100.00%	100.00%

VCD and DVD distribution business recorded increase from 2013 of Baht 103.33 million or 37.39% in revenues. Due to in 2014, the Group has produced and distributed more VCDs and DVDs.

Movie rights business has increased in revenues by Baht 93.60 million or 42.70% because the movies released in theaters in 2014 could generate more revenue than in 2013 and the Company also manage the film rights more effectively.

Film production business; the revenues decreased by Baht 87.26 million or 56.45% because the year 2014, films made less revenue comparing by 2013

Advertising revenues in 2014 recorded decrease of Baht 47.11 million or 43.09% because in the year 2014, we had less advertising areas in international and Thai films comparing by 2013.

Costs of Production and Services and Gross Profit Margin

The Group's costs of production and services increased from 2013 about Baht 64.28 million or 11.30% because of the increase of production and distribution of home entertainment sector which connected with higher revenue.

Selling and Administrative Expenses

Selling and administrative expenses became lower by Baht 45.05 million or 9.96% from Baht 452.36 million in 2013 to Baht 407.31 million in 2014 caused by reducing costs of administration of the Group. Main cause from reservation of impairment of investments in subsidiary was less than 2013 in amount of Baht 116.69 million and more doubtful account in amount of Bath 98.31 million.

Since the main business of the Company is in the category of entertainment, taste and favor of consumers, economic condition and other factors affect our business. Especially, in 2014, our movies were not much successful which making the Company generated loss.

Financial Result of the Company and Group

Asset

As of December 31, 2014, the Group had total assets of Baht 1,212.54 million, climbed from December 31, 2013 by Baht 6.47 million or about 0.54%. The assets were composed of the following items:

(Unit: Million Baht)

Assets	As of December 31		Increase (decrease)		% of total asset	
	2014	2013	Amount	%	2014	2013
Cash and cash equivalent	82.97	39.42	43.55	110.48	6.84	3.27
Trade accounts receivable - net	472.97	484.44	(11.47)	(2.37)	39.01	40.17
Inventory	77.83	90.70	(12.87)	(14.19)	6.42	7.52

Film on Production	127.98	67.64	60.34	89.21	10.55	5.61
Other current assets	75.27	61.13	14.14	23.13	6.21	5.07
Investments in joint venture-net	40.74	8.38	32.36	386.16	3.36	0.69
Building and equipment - net	18.39	18.47	(0.08)	(0.43)	1.52	1.53
Goodwill - net	139.14	142.85	(3.71)	(2.60)	11.48	11.84
Computer program-net	1.88	1.83	0.05	2.73	0.16	0.15
Film rights - net	153.34	289.24	(135.90)	(46.99)	12.65	23.98
Other non - current assets	22.03	1.97	20.06	1,018.27	1.82	0.16
Total Asset	1,212.54	1,206.07	6.47	0.54	100.00	100.00

Cash and cash equivalents increased from December 31, 2013 due to efficient management policy. Moreover, in 2014, the Company was increased capital from Right Offering resulting the Group's liquidity better.

Trade accounts receivable and other receivables – net decreased Baht 11.47 million or 2.37% from 2013 which caused by from VCD and DVD distribution business.

Inventories which the most from VCD and DVD distribution's sector, decreased from December 31, 2013 in amount of Baht 12.87 million or 14.19% which coming from the efficient policy.

Movies on process increased in amount of Baht 60.34 million or 89.21% from December 31, 2013 due to the plan of continuous production Thai movies for theatrical release which reflected to higher expense of Film on production.

Investments in joint venture-net increased from December 31, 2013 by Baht 32.36 million or 386.16% because of the investment in Transformation Films Co.,Ltd in the year 2014

Goodwill – net decreased Baht 3.71 million or 2.60% by comparing year ended 2013 because of the reserve of impairment of investments in subsidiary.

Movie rights – net came down from December 31, 2013 by Baht 135.90 million or 46.99%. Most are in the film's distribution and home entertainment sector. Moreover, in 2014, the Company has carefully planned and managed film rights which making the movie rights decrease by comparing the previous year.

Liabilities and Equity of Shareholders

(Unit : Million Baht)

Liabilities and Equity of Shareholders	December 31		Increase (decrease)		% of liabilities per Equity of Shareholders	
	2014	2013	Amount	%	2014	2013
Short-Term Loan and OD from Financial Institutes	50.00	693.23	(643.23)	(92.79)	4.12	57.48
Trade Account Payable and other payable	222.79	164.38	58.41	35.53	18.37	13.63
Current portion of long term liability	-	92.15	(92.15)	(100.00)	0.00	7.64
Short-Term Loan from Related Parties	0.14	55.00	(54.86)	(99.75)	0.01	4.56
Other Current Liabilities	58.81	45.15	13.66	30.25	4.85	3.74
Long-Term Loan	-	48.45	(48.45)	(100.00)	0.00	4.02
Non-Current Liabilities	3.82	7.55	(3.73)	(49.40)	0.32	0.63
Total Liabilities	335.56	1,105.91	(770.35)	(69.66)	27.67	91.70
Equity of Shareholders	876.98	100.16	776.82	775.58	72.33	8.30
Total Liabilities and Equity of Shareholders	1,212.54	1,206.07	6.47	0.54	100.00	100.00

Liabilities and Shareholders' Equity

Overdrafts and short-term loans from financial institutions are funding sources to meet the Group's working capital, the outstanding balance as of December 31, 2014 decreased from 2013 by Baht 643.23 million or 92.79% due to Right offering for existing shareholder.

Trade accounts payable and other payable increased from December 31, 2013 by Baht 58.41 million or 35.53% for normal transaction of business.

Other Current Liabilities climbed from December 31, 2013 by Baht 13.66 million or 30.25% because of the increase of estimate of returned products.

Long-term loan and Current portion of long term liability was downed by Baht 140.38 million or 100.00% from the previous year due to the increase the company's capital so, the Company could settle all loan.

Shareholders' equity as of year-end 2014 stood at Baht 876.98 million as presented in the consolidated financial statement, increased from Baht 100.16 million as of end-2013 resulting from increase capital by issuance new ordinary shares for existing shareholders.

Analysis of Financial Ratios:

	December 31, 2014	December 31, 2013	December 31, 2012
Current Ratio	2.52	0.71	0.81
Receivable Turnover	2.07	1.73	2.49
Average Collection Period	176	211	147
Total Assets Turnover	0.69	0.60	0.69
Total Debt to Equity Ratio	0.38	11.04	2.81

Liquidity Ratios

Current Ratio; The Group carried a greater amount of current assets than current liabilities that reflected great liquidation since the capital of the Company was increased by issuing ordinary shares of Right Offering in 2014.

Efficiency Ratios

Total Assets Turnover; the ratio of assets turnover in 2014 was slightly faster than 2013 because the performance of the group increased.

Receivable Turnover and Average Collection Period; The Group typically grants a credit term of around 90-180 days. Its receivable turnover for the current year becomes faster. Nevertheless, the VCD and DVD distribution business grants a collection period to the individual customers in accordance with the usual business norms.

Audit Committee Report 2014

Over the past 2014, 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 2014, 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 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; Mr. Paiboon Tunkoon, a certified public accountant no. 4298 or Mr. Kajornkiet Aroonpirodkul, a certified public accountant no. 3445 or Mr. Pisit Thangtanagul, a certified public accountant no. 4095. For the financial statement of 2015, the authorized auditors for the financial statement depend on the approval of the Annual General Meeting of Shareholders 2015 which will be hold on 21 April 2015



(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, 2014 are trusted.



(Mr. Tirachai Vutithum)

Chairman of the Board



(Mr. Thanakorn Puriwekin)

Chief Executive Officer

AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

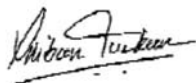
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the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

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

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

Opinion

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position of M Pictures Entertainment Public Company Limited and its subsidiaries and of M Pictures Entertainment Public Company Limited as at 31 December 2014, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Paiboon Tunkoon
Certified Public Accountant (Thailand) No. 4298
PricewaterhouseCoopers ABAS Ltd.

Bangkok
10 February 2015

M Pictures Entertainment Public Company Limited
Statement of Financial Position
As at 31 December 2014

	Notes	Unit: Baht			
		Consolidated		Company	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
Assets					
Current assets					
Cash on hand and cash equivalents	7	82,970,360	39,415,456	4,512,406	2,482,446
Trade accounts receivable and other receivables, net	8	472,966,508	486,534,756	37,934,842	126,501,726
Short-term loans to subsidiaries	29 iv)	-	-	882,500,000	204,600,000
Short-term loans to third party, net	9	-	-	-	-
Inventories, net	10	77,828,273	90,702,651	-	-
Films under production		127,981,520	67,640,228	-	-
VAT receivable		15,400,782	19,234,941	-	159,808
Withholding tax deducted at sources		50,352,721	28,582,099	15,509,619	10,563,922
Other current assets, net	11	9,513,739	11,222,856	296,717	959,798
Total current assets		837,013,903	743,332,987	940,753,584	345,267,700
Non-current assets					
Investments in subsidiaries, net	12	-	-	237,660,567	335,105,367
Investments in joint venture, net	13	40,738,937	8,384,364	49,994,743	24,994,743
Other long-term investment, net	14	-	-	-	-
Buildings and equipment, net	15	18,389,150	18,473,078	6,766,499	5,518,416
Goodwill, net	16	139,142,506	142,847,181	-	-
Computer program, net	16	1,879,516	1,827,399	793,155	658,660
Film rights, net	16	153,343,855	289,242,833	-	-
Deferred tax assets	21	19,471,817	-	489,575	-
Other non-current assets, net	17	2,560,536	1,958,704	1,263,815	994,035
Total non-current assets		375,526,317	462,733,559	296,968,354	367,271,221
Total assets		1,212,540,220	1,206,066,546	1,237,721,938	712,538,921

Director _____

Director _____

The notes on pages 69 to 118 are an integral part of these consolidated and company financial statements.

M Pictures Entertainment Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2014

	Notes	Unit: Baht			
		Consolidated		Company	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term borrowings					
from financial institutions	19	50,000,000	693,225,012	-	44,472,507
Trade accounts and other payables	18	222,790,223	164,378,971	17,939,802	27,234,881
Current portion of long-term					
borrowings from financial institutions	19	-	91,924,271	-	91,372,232
Current portion of liability					
under finance lease		139,714	225,130	139,714	225,130
Short-term borrowings from					
related parties	29 v)	-	55,000,000	-	144,500,000
Undue output VAT		5,835,617	10,900,672	173,571	2,157,221
Provision for sales return		44,424,860	30,152,640	-	-
Other current liabilities		8,549,847	4,099,227	1,265,856	1,652,898
Total current liabilities		331,740,261	1,049,905,923	19,518,943	311,614,869
Non-current liabilities					
Long-term borrowings from					
financial institutions	19	-	48,453,231	-	48,453,231
Liabilities under finance lease					
			139,714		139,714
Employee benefit obligations	20	3,820,179	3,717,355	2,237,252	2,432,919
Deferred tax liabilities	21	-	3,692,481	-	-
Other non-current liabilities				747,000	747,000
Total non-current liabilities		3,820,179	56,002,781	2,984,252	51,772,864
Total liabilities		335,560,440	1,105,908,704	22,503,195	363,387,733

The notes on pages 69 to 118 are an integral part of these consolidated and company financial statements.

M Pictures Entertainment Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2014

	Notes	Unit: Baht			
		Consolidated		Company	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital					
Authorised share capital	22				
1,322.07 million ordinary shares of par Baht 1 each (2013: 675.90 million ordinary shares)		1,322,072,456	675,902,500	1,322,072,456	675,902,500
Issued and fully paid-up share capital					
1,299.79 million ordinary shares of par Baht 1 each (2013: 657.83 million ordinary shares)		1,299,797,315	657,829,978	1,299,797,315	657,829,978
Share premium	22	453,750,824	132,612,302	453,750,824	132,612,302
Surplus from business combination		(20,106,431)	(20,106,431)	-	-
Retained earnings (deficits)					
Appropriated - legal reserve	24	3,813,156	3,813,156	3,813,156	3,813,156
Unappropriated		(849,469,241)	(667,453,246)	(544,324,148)	(445,556,204)
Other components of equity		(3,030,665)	(4,760,305)	2,181,596	451,956
Equity attributable to owners of the parent		884,754,958	101,935,454	1,215,218,743	349,151,188
Non-controlling interest		(7,775,178)	(1,777,612)	-	-
Total shareholders' equity		876,979,780	100,157,842	1,215,218,743	349,151,188
Total liabilities and shareholders' equity		1,212,540,220	1,206,066,546	1,237,721,938	712,538,921

The notes on pages 69 to 118 are an integral part of these consolidated and company financial statements.

M Pictures Entertainment Public Company Limited
Statement of Income
For the year ended 31 December 2014

	Notes	Unit: Baht			
		Consolidated		Company	
		2014	2013	2014	2013
Revenues					
Sales of VCD and DVD		379,669,354	276,344,622	-	-
Revenues from films production and film rights distribution		380,134,904	373,793,836	8,530,000	40,680,000
Sales of pocket book		9,170,219	10,622,192	-	-
Management fee income		7,002,007	-	16,800,000	44,859,813
Advertising income		62,229,367	109,339,667	-	-
Total revenues		838,205,851	770,100,317	25,330,000	85,539,813
Cost of sales and services					
Cost of VCD and DVD sold		347,787,819	233,480,468	-	-
Cost of film production and film rights sold		280,250,445	321,103,599	-	2,007,678
Cost of pocket books		4,930,361	5,701,470	-	-
Cost of advertising		-	8,407,837	-	-
Total cost of sales and services		632,968,625	568,693,374	-	2,007,678
Gross profit		205,237,226	201,406,943	25,330,000	83,532,135
Other income		11,450,044	6,402,439	18,278,895	22,465,533
Selling expenses		(172,855,330)	(185,529,147)	(208,825)	(38,803)
Administrative expenses		(230,751,112)	(138,821,290)	(32,663,015)	(49,849,401)
Loss from impairment of goodwill	4, 16	(3,704,675)	(120,397,064)	-	-
Loss from impairment of investments in subsidiaries	12	-	-	(97,444,800)	(120,483,507)
Finance costs	26	(25,453,041)	(39,321,009)	(13,219,570)	(19,314,264)
Share of profit (loss) of joint venture		7,354,573	(7,610,399)	-	-
Loss before income tax		(208,722,315)	(283,869,527)	(99,927,315)	(83,688,307)
Income tax	27	19,460,571	2,273,106	489,575	-
Loss for the year		(189,261,744)	(281,596,421)	(99,437,740)	(83,688,307)
Loss attributable to:					
Shareholders of the parent		(183,264,178)	(246,553,850)	(99,437,740)	(83,688,307)
Non-controlling interest		(5,997,566)	(35,042,571)	-	-
		(189,261,744)	(281,596,421)	(99,437,740)	(83,688,307)
Loss per share					
	28				
Basic loss per share		(0.21)	(0.38)	(0.11)	(0.13)
Diluted loss per share		(0.21)	(0.38)	(0.11)	(0.13)

The notes on pages 69 to 118 are an integral part of these consolidated and company financial statements.

M Pictures Entertainment Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2014

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Loss for the year	(189,261,744)	(281,596,421)	(99,437,740)	(83,688,307)
Other comprehensive income				
Actuarial gain	1,248,183	-	669,796	-
Comprehensive loss for the year	<u>(188,013,561)</u>	<u>(281,596,421)</u>	<u>(98,767,944)</u>	<u>(83,688,307)</u>
Attributable comprehensive loss to:				
Owners of the parent	(182,015,995)	(246,553,850)	(98,767,944)	(83,688,307)
Non-controlling interest	(5,997,566)	(35,042,571)	-	-
	<u>(188,013,561)</u>	<u>(281,596,421)</u>	<u>(98,767,944)</u>	<u>(83,688,307)</u>

The notes on pages 69 to 118 are an integral part of these consolidated and company financial statements.

M Pictures Entertainment Public Company Limited
Statement of Changes in Shareholders' Equity (Cont'd)
For the year ended 31 December 2014

	Notes	Company					Unit: Baht
		Issued and fully paid-up share capital	Share premium	Legal reserve	Unappropriate retained earnings (deficits)	Other components of equity	
Opening balance as at 1 January 2013		641,250,000	105,752,737	3,813,156	(361,867,897)	291,064	389,239,060
Changes in shareholders' equity for year							
Proceeds from shares issued	22	16,579,978	26,859,565	-	-	-	43,439,543
Comprehensive loss for the year		-	-	-	(83,688,307)	-	(83,688,307)
Share-based payment	23	-	-	-	-	160,892	160,892
Closing balance as at 31 December 2013		657,829,978	132,612,302	3,813,156	(445,556,204)	451,956	349,151,188
Opening balance as at 1 January 2014		657,829,978	132,612,302	3,813,156	(445,556,204)	451,956	349,151,188
Changes in shareholders' equity for year							
Proceeds from shares issued	22	641,537,187	320,768,593	-	-	-	962,305,780
Proceeds from exercise of warrants		430,150	369,929	-	-	(266,693)	533,386
Comprehensive loss for the year		-	-	-	(98,767,944)	-	(98,767,944)
Share-based payment	23	-	-	-	-	1,996,333	1,996,333
Closing balance as at 31 December 2014		1,299,797,315	453,750,824	3,813,156	(544,324,148)	2,181,596	1,215,218,743

The notes on pages 69 to 118 are an integral part of these consolidated and company financial statements.

M Pictures Entertainment Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2014

	Notes	Unit: Baht			
		Consolidated		Company	
		2014	2013	2014	2013
Cash flows from operating activities					
Loss before income tax		(208,722,315)	(283,869,527)	(99,927,315)	(83,688,307)
Adjustments for:					
Depreciation and amortisation charge	15, 16	442,439,255	408,131,064	1,378,015	1,602,706
Interest income		(156,548)	(597,764)	(15,308,536)	(10,014,023)
Interest expense		25,453,041	39,321,009	13,219,570	19,314,264
Bad debt and (reverse) doubtful accounts	25	98,653,867	342,062	16,767	(59,874)
Provision for sales returns		14,272,220	1,208,936	-	-
Allowance for inventory obsolescence and diminution in value of inventories	25	283,096	1,584,114	-	-
(Gain) loss on disposal and write-off of equipment and intangible assets		(4,667)	(407,828)	19,333	29,089
Loss from impairment of investments in subsidiaries	12	-	-	97,444,800	120,483,507
Loss from impairment of goodwill	16	3,704,675	120,397,064	-	-
Loss from impairment of film rights	16	16,903,613	13,875,542	-	-
Employee benefits obligations	20	1,351,007	415,677	474,129	183,687
Share-base payment reserve	23	1,996,333	160,892	1,996,333	160,892
Share of (profit) loss from joint venture	13	(7,354,573)	7,610,399	-	-
Dividend income		-	-	-	(8,999,980)
Changes in working capital (excluding the effects of acquisition and disposal of a subsidiary)					
- trade accounts receivable and other receivables		(91,610,774)	(13,614,601)	80,279,768	106,421,595
- inventories		12,591,282	(14,933,789)	-	-
- films under production		(60,341,292)	(30,641,556)	-	-
- VAT receivable		4,821,599	(4,721,407)	159,808	(159,808)
- other current assets		(886,815)	3,301,265	663,081	4,923,601
- other non-current assets		(601,832)	1,227,931	(269,780)	-
- trade accounts and other payables		57,833,621	(66,795,819)	(7,257,887)	(52,587,167)
- undue output VAT		(5,065,055)	93,621	(1,983,650)	(3,616,071)
- other current liabilities		4,450,620	(23,129,325)	(387,042)	(6,225,067)
- other non-current liabilities		-	(387,100)	-	-
- employee benefit obligations		-	(1,000,592)	-	(1,000,592)
Cash flows from operating activities		310,010,358	157,570,268	70,517,394	86,768,452
<u>Add</u> Interest received		139,781	529,764	14,578,905	18,471,944
<u>Less</u> Interest paid		(26,235,959)	(40,042,282)	(15,256,762)	(37,207,306)
Withholding tax received		-	52,524,147	-	10,171,893
Withholding tax paid		(26,313,190)	(28,352,459)	(4,945,697)	(10,563,922)
Net cash flows generated from operating activities		257,600,990	142,229,438	64,893,840	67,641,061

The notes on pages 69 to 118 are an integral part of these consolidated and company financial statements.

M Pictures Entertainment Public Company Limited
Statement of Cash Flows (Cont'd)
For the year ended 31 December 2014

Notes	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Cash flows from investing activities				
Purchases of equipment	(6,200,962)	(4,337,570)	(2,466,446)	(492,441)
Proceeds from disposals of equipment	24,000	1,829,448	-	-
Purchases of intangible assets	16 (313,480)	(40,000)	(313,480)	(40,000)
Purchases of film rights	16 (315,567,146)	(398,084,979)	-	-
Short-term loans granted to subsidiaries	29 iv) -	-	(1,196,500,000)	(300,800,000)
Short-term loans repaid from subsidiaries	29 iv) -	-	518,600,000	183,400,000
Purchase of investment in a subsidiary	-	(4,000,000)	-	(4,000,000)
Proceed from dividend	8,999,980	-	8,999,980	-
Purchase of investments in joint venture	(25,000,000)	-	(25,000,000)	-
Net cash from (used in) investing activities	(338,057,608)	(404,633,101)	(696,679,946)	(121,932,441)
Cash flows from financing activities				
Proceeds from (repayment of) bank overdrafts	(59,715,012)	23,046,961	(9,472,507)	252,096
Proceeds from short-term borrowings from financial institutions	510,600,000	489,010,000	-	35,000,000
Repayments to short-term borrowings from financial institutions	(1,094,110,000)	(420,300,000)	(35,000,000)	-
Proceeds from short-term borrowings from subsidiaries	29 v) -	-	75,900,000	185,500,000
Repayments to short-term borrowings from subsidiaries	29 v) -	-	(180,400,000)	(253,000,000)
Proceeds from short-term borrowings from parent company	29 v) 115,000,000	425,000,000	115,000,000	395,000,000
Repayments to short-term borrowings from parent company	29 v) (170,000,000)	(380,000,000)	(155,000,000)	(365,000,000)
Proceeds from long-term borrowings from financial institutions	49,400,000	123,990,000	49,400,000	120,390,000
Repayments to long-term borrowings from institutions	(189,777,502)	(68,727,293)	(189,225,463)	(63,242,357)
Proceeds from shares issued	962,305,780	-	962,305,780	-
Proceeds from the exercise of warrants	533,386	-	533,386	-
Repayment of liabilities under finance lease	(225,130)	(1,200,372)	(225,130)	(206,292)
Net cash from financing activities	124,011,522	190,819,296	633,816,066	54,693,447
Net increase (decrease) in cash and cash equivalents	43,554,904	(71,584,367)	2,029,960	402,067
Opening balance of cash and cash equivalents	39,415,456	110,999,823	2,482,446	2,080,379
Closing balance of cash and cash equivalents	82,970,360	39,415,456	4,512,406	2,482,446

The notes on pages 69 to 118 are an integral part of these consolidated and company financial statements.

M Pictures Entertainment Public Company Limited
Statement of Cash Flows (Cont'd)
For the year ended 31 December 2014

Non-cash transactions

Significant non-cash transactions for the years ended 31 December 2014 and 2013:

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Outstanding payable arising from purchase of equipment	153,200	937,652	-	-
Outstanding payable arising from purchase of intangible assets	125,184	125,184	125,184	125,184
Outstanding payables arising from acquisition of film rights	29,279,203	27,144,927	-	-
Shares issued for exchange with investment in a subsidiary and joint venture	-	24,994,743	-	43,439,543

The notes on pages 69 to 118 are an integral part of these consolidated and company financial statements.

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the year ended 31 December 2014

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 company financial statements were authorised for issue by the Board of Directors on 10 February 2015.

2 Accounting policies

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

2.1 Basis for preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai 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 company financial statements have been prepared under the historical cost convention.

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

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

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the year ended 31 December 2014

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards

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

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interest in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
TFRIC 1	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of non-cash assets to owners
TFRIC 18	Transfers of assets from customers
TSIC 15	Operating leases - Incentives
TSIC 27	Evaluating the substance of transactions in the legal form of a lease
TSIC 29	Service Concession Arrangements: Disclosure
TSIC 32	Intangible assets - Web Site Costs

TAS 1 (revised 2012) clarifies that conversion features that are at the holder's discretion do not impact the classification of the liability component of the convertible instrument. TAS 1 also explains that, for each component of equity, an entity may present the breakdown of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. This standard has no impact to the Group.

TAS 7 (revised 2012) clarifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities. This standard has no impact to the Group.

TAS 12 (revised 2012) amends an exception to the existing principle for the measurement of deferred tax assets or liabilities on investment property measured at fair value. TAS 12 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. This amendment therefore adds the rebuttable presumption that the carrying amount of an investment property measured at fair value is entirely recovered through sale. As the result of the amendment, TSIC 21 - Income tax - recovery of revalued non-depreciable assets is incorporated into TAS 12 (revised 2012). This standard has no impact to the Group.

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the year ended 31 December 2014

2 Accounting policies (Cont'd)

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

1) Revised accounting standards which are effective on 1 January 2014 and are relevant to the Group: (Cont'd)

TAS 17 (revised 2012) deletes the guidance for a lease of land with an indefinite useful life to be classified as an operating lease. The standard has been amended to clarify that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with TAS 17's general principles. This standard has no impact to the Group.

TAS 18 (revised 2012) removes the appendix to TAS 18. This standard has no impact to the Group.

TAS 19 (revised 2012) deletes the transition provisions of the current TAS 19. This standard has no impact to the Group.

TAS 21 (revised 2012) clarifies the method of recording cumulative amount of the exchange different relating to disposal or partial disposal of a foreign operation. This matter should be adjusted prospectively effective for the period begins on or after 1 January 2014. This standard has no impact to the Group.

TAS 24 (revised 2012) removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of related parties. This standard has no impact to the Group.

TAS 28 (revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity losses significant influence, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 January 2014. This standard has no impact to the Group.

TAS 31 (revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity losses of joint control in its interest in joint control, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 January 2014. This standard has no impact to the Group.

TAS 34 (revised 2012) emphasises the existing disclosure principles for significant event and transactions. Additional requirements cover disclosure of changes in fair value measurements (if significant), and the need to update relevant information from the most recent annual report. This standard has no impact to the Group.

TAS 36 (revised 2012) clarifies that goodwill being allocated to cash generating units shall not be larger than an operating segment before aggregation as defined under TFRS 8 - Operating Segments. This standard has no impact to the Group.

TAS 38 (revised 2012) clarifies that an intangible asset acquired in a business combination might be separable. Intangible assets are recognised as a single asset provided the individual assets have similar useful lives. This standard has no impact to the Group.

TFRS 2 (revised 2012) expands the scope to cover classification and accounting of both cash-settled and equity-settled share-based payment transactions in group situation. This standard has no impact to the Group.

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2 Accounting policies (Cont'd)

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

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

TFRS 3 (revised 2012) amends the measurement required for non-controlling interests. The choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation. All other component of non-controlling interests is measured at fair value unless another measurement basis is required by TFRS. The application guidance in TFRS 3 (revised 2012) also applies to all share-based payment transactions that are part of a business combination. This standard has no impact to the group.

TFRS 5 (revised 2012) specifies the disclosures required for assets held for sale and discontinued operations. Disclosures in other standards do not apply, unless those TFRS requires. This standard has no impact to the Group.

TFRS 8 (revised 2012) clarifies that an entity is required to disclose a measure of segment assets only if the measure is regularly reported to the chief operating decision-maker. This standard has no impact to the Group.

TFRIC 1 provides guidance on accounting for changes in the measurement of an existing decommissioning, restoration and similar liability that results from changes in estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate. This interpretation has no impact to the Group.

TFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. TFRIC 4 is not relevant to the Group's operations.

TFRIC 5 provides guidance on accounting in the financial statements of a contributor for interests arising from decommissioning funds that the assets are administered separately and a contributor's right to access the assets is restricted. TFRIC 5 is not relevant to the Group's operations.

TFRIC 7 provides guidance on how to apply the requirements of TAS 29, Financial Reporting in Hyperinflationary Economics, in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. TFRIC 7 is not relevant to the Group's operations.

TFRIC 10 prohibits reversal of an impairment losses recognised in a previous interim period in respect of goodwill. This interpretation has no impact to the Group.

TFRIC 12 applies to public-to-private service concession arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. TFRIC12 is not relevant to the Group's operations.

TFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement, and the consideration received or receivable from the customer is allocated between the components of the arrangement using fair values. TFRIC 13 is not relevant to the Group's operations.

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
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2 Accounting policies (Cont'd)

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

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

TFRIC 17 provides guidance on accounting for the distributions of non-cash assets to owners acting in their capacity as owners. The interpretation addresses the issues on the dividend payable recognition and measurement and the accounting for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable when an entity settles the dividend payable. This interpretation has no impact to the Group.

TFRIC 18 sets out the accounting for transfers of items of property, plant and equity by entities that receive such transfers from their customers. Agreements within the scope of this interpretation are agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect to a network or to provide the customer with ongoing access to supply of goods or services. The interpretation addresses the issues on the initial recognition and the accounting treatment of the transferred assets. This interpretation has no impact to the Group.

TSIC 15 sets out the accounting for the recognition of incentive that a lessor provides to a lessee in an operating lease. This interpretation has no impact to the Group.

TSIC 27 provides guidance on evaluating the substance of transactions in the legal form of a lease between the entity and the investor whether a series of transactions is linked and should be accounted for as one transaction and whether the arrangement meets the definition of a lease under TAS 17 "Leases". This guidance explains examples that individually demonstrate that an arrangement may not, in substance, involve a lease under TAS 17. The accounting shall reflect the substance of the arrangement. This interpretation has no impact to the Group.

TSIC 29 contains disclosure requirements in respect of public-to-private service concession arrangements. This interpretation has no impact to the Group.

TSIC 32 provides guidance on the internal expenditure on the development and operation of the entity web site for internal or external access. The entity shall comply with the requirements described in TAS 38 "Intangible Assets". This interpretation has no impact to the Group.

- 2) New accounting standard which is effective for the periods beginning on or after 1 January 2015

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

TAS 1 (revised 2014)	Presentation of financial statements
TAS 19 (revised 2014)	Employee benefits
TAS 27 (revised 2014)	Separate financial statements
TAS 28 (revised 2014)	Investments in associates and joint ventures
TAS 34 (revised 2014)	Interim financial reporting
TFRS 10	Consolidated financial statements
TFRS 11	Joint arrangements
TFRS 12	Disclosure of interest in other entities

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

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
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2 Accounting policies (Cont'd)

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

- 2) New accounting standard which is effective for the periods beginning on or after 1 January 2015 (Cont'd)
- a) Financial reporting standards, which are expected to have a significant impact to the Group: (Cont'd)

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

TAS 27 (revised 2014) provide the requirements relating to separate financial statements. The management is currently assessing the impact of applying this standard.

TAS 28 (revised 2014) provide the requirements for investment in associates and joint ventures accounted by equity method. The management is currently assessing the impact of applying this standard.

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

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

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

TFRS 12 require entities to disclose information that helps readers of financial statements to evaluate the nature of risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The management is currently assessing the impact of applying this standard.

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the year ended 31 December 2014

2 Accounting policies (Cont'd)

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

2) New accounting standard which is effective for the periods beginning on or after 1 January 2015 (Cont'd)

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

TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Cash flow statements
TAS 8 (revised 2014)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2014)	Events after the reporting period
TAS 11 (revised 2014)	Construction contract
TAS 12 (revised 2014)	Income taxes
TAS 16 (revised 2014)	Property, plant and equipment
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 20 (revised 2014)	Accounting for government grants & disclosure of government assistance
TAS 21 (revised 2014)	The effects of changes in foreign exchange rates
TAS 23 (revised 2014)	Borrowing costs
TAS 24 (revised 2014)	Related party disclosures
TAS 26 (revised 2014)	Accounting and reporting by retirement benefit plans
TAS 29 (revised 2014)	Financial reporting in hyperinflationary economies
TAS 33 (revised 2014)	Earnings per share
TAS 36 (revised 2014)	Impairment of assets
TAS 37 (revised 2014)	Provisions, contingent liabilities and contingent assets
TAS 38 (revised 2014)	Intangible assets
TAS 40 (revised 2014)	Investment property
TFRS 2 (revised 2014)	Share-based payments
TFRS 3 (revised 2014)	Business combinations
TFRS 5 (revised 2014)	Non-current asset held for sale and discontinued operations
TFRS 6 (revised 2014)	Exploration for and evaluation of mineral resources
TFRS 8 (revised 2014)	Operating segments
TFRS 13	Fair value measurement
TSIC 10 (revised 2014)	Government assistance - No specific relation to operating activities
TSIC 15 (revised 2014)	Operating leases - Incentives
TSIC 25 (revised 2014)	Income taxes - changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2014)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 29 (revised 2014)	Service concession arrangements: Disclosures
TSIC 31 (revised 2014)	Revenue - barter transactions involving advertising services
TSIC 32 (revised 2014)	Intangible assets - Web site costs
TFRIC 1 (revised 2014)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2014)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2014)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2014)	Applying the restatement approach under IAS29 Financial reporting in hyperinflationary economies
TFRIC 10 (revised 2014)	Interim financial reporting and impairment
TFRIC 12 (revised 2014)	Service concession arrangements
TFRIC 13 (revised 2014)	Customer loyalty programmes
TFRIC 14 (revised 2014)	TAS 19 - The limit on a defined benefit asset, minimum funding requirement and their interaction
TFRIC 15 (revised 2014)	Agreements for the construction of real estate
TFRIC 17 (revised 2014)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2014)	Transfers of assets from customers
TFRIC 20	Stripping costs in the production phase of a surface - mine

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
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2 Accounting policies (Cont'd)

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

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

TFRS4 (revised 2014)

Insurance contracts

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

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

a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

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

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (see Note 2.11 for accounting policy on goodwill). If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

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

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

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the year ended 31 December 2014

2 Accounting policies (Cont'd)

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

b) Transactions and 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 shareholders' equity.

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

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

The Group uses the similar to pooling of interest method of accounting to account for the business combination under common control. The consideration transferred for this method of a subsidiary is the net book value of the asset transferred only on a proportion under the common control. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

The Group has recorded surplus from business combination under common control which is presented in shareholder's equity in the statement of financial position as at the business combination date by recording the difference between the purchase price and the net book value on the purchase date.

c) Joint Ventures

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

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

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

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the year ended 31 December 2014

2 Accounting policies (Cont'd)

2.4 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated 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 or income statement are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

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

2.5 Cash and cash equivalents

In the consolidated and Company statement of cash flows, cash and cash equivalents includes cash 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 Company statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

M Pictures Entertainment Public Company Limited
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2 Accounting policies (Cont'd)

2.6 Trade accounts receivable

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

2.7 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.

2.8 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 future revenue expected from various channels as detailed in Note 2.12. Costs of films comprise costs directly attributable to films production and are stated at cost.

2.9 Investments

The Group classifies investments other than investments in subsidiaries 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.

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
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2 Accounting policies (Cont'd)

2.10 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.

2.11 Goodwill

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

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
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2 Accounting policies (Cont'd)

2.12 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 revenue earned from each of the revenue-generated 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.

2.13 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.

2.14 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.

The Group leases certain property, plant and equipment. 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.

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
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2 Accounting policies (Cont'd)

2.15 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.

2.16 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 substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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.

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Notes to the Consolidated and Company Financial Statements
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2 Accounting policies (Cont'd)

2.17 Employee benefits

2.17.1 Pension obligations

The Group operates various pension schemes. The schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. 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 the terms to maturity approximating to the terms of the related pension liability.

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

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

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

2.17.2 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.17.3 Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
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2 Accounting policies (Cont'd)

2.18 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 vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the 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.

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

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

2.19 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.

2.20 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 on a net basis as a deduction from gross sales concerned.

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2 Accounting policies (Cont'd)

2.21 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. Revenue from rendering services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

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

Revenue from film production and sales of film rights distribution 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 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.

2.22 Dividend payment

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

2.23 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 subsidiaries and a third party. 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, long term borrowings and liabilities under finance lease. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

2.24 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.

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the year ended 31 December 2014

3 Financial risk management

3.1 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.

3.1.1 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.

3.1.2 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.

3.1.3 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.

3.1.4 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.

3.2 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 approximate their fair value.

M Pictures Entertainment Public Company Limited
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4 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.

4.1 Critical accounting estimates and assumptions

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

(a) 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.

(b) 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.

(c) Valuation of movies under production

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

(d) 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.

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the year ended 31 December 2014

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

4.1 Critical accounting estimates and assumptions (Cont'd)

(e) 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 2.11. 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 fair value less costs to sell. Regarding future uncertainty which may have optimistic and pessimistic effect on the recoverable amount from a CGU, the financial advisor therefore considered the probability of the estimation by applying weighted average fair value less cost to sell, giving the probability of 60% for the base case, and 20% 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 2014. As of 31 December 2014, the recoverable amount from investing in M Pictures Co., Ltd. is equivalent to Baht 663 million. For the purposes of assessing impairment, assets are grouped at the lowest level of each identifiable cash flows (cash-generating unit). The Group has engaged an independent certified financial advisor to assess the recoverable amount. The recoverable amount assessment is based on a ten-year pre-tax cash flow projection by referring to 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.

Key assumptions used in the recoverable amount assessment include:

Growth rate 2.8%
Discounted rate and probability

M Pictures Co., Ltd.			Unit: Million Baht
Scenario	Discount rate	Recoverable amount	Probability
Pessimistic Case	9.0%	519	20%
Base Case	8.0%	650	60%
Optimistic Case	7.0%	845	20%

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 fair value less cost to sell, 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 9.0% rather than 8.0%) 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.

(f) Provision for goods returns

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

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
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4 Critical accounting estimates, assumptions and judgements (Cont'd)

4.1 Critical accounting estimates and assumptions (Cont'd)

(g) Revenue/Amortisation of film rights

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

(h) 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.

Other key assumptions for pension obligations are based on the current market conditions. Additional information is disclosed in Note 20.

5 Capital risk management

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

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

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For the year ended 31 December 2014

6 Segment information

Financial information by business segments is as follows:

	Consolidated			Unit: Baht	
	Film rights distribution	VCD/DVD distribution	Film production	Others	Consolidated
For the year ended 31 December 2014					
Revenue					
Gross segment revenue	415,456,136	382,857,751	75,641,043	9,170,219	883,125,149
Inter - segment revenue	(36,130,900)	(488,398)	(8,300,000)	-	(44,919,298)
Net revenue from third parties	379,325,236	382,369,353	67,341,043	9,170,219	838,205,851
Segment result	121,809,226	(132,074,496)	(164,669,633)	4,668,404	(170,266,499)
Unallocated costs					(31,807,392)
Other income					11,450,044
Finance costs					(25,453,041)
Share of profit of joint venture					7,354,573
Loss before income tax					(208,722,315)
Income tax					19,460,571
Net loss for the year					(189,261,744)

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6 Segment information (Cont'd)

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

For the year ended 31 December 2013

	Consolidated				Unit: Baht	
	Film rights distribution	VCD/DVD distribution	Film production	Others	Consolidated	Consolidated
Revenue						
Gross segment revenue	351,606,881	277,009,241	205,822,524	10,622,192	845,060,838	845,060,838
Inter - segment revenue	(36,504,124)	(664,619)	(37,791,778)	-	(74,960,521)	(74,960,521)
Net revenue from third parties	315,102,757	276,344,622	168,030,746	10,622,192	770,100,317	770,100,317
Segment result	6,389,219	(127,957,512)	(78,333,971)	4,869,386	(195,032,878)	(195,032,878)
Unallocated costs					(48,307,680)	(48,307,680)
Other income					6,402,439	6,402,439
Finance costs					(39,321,009)	(39,321,009)
Share of loss of in joint venture					(7,610,399)	(7,610,399)
Loss before income tax					(283,869,527)	(283,869,527)
Income tax					2,273,106	2,273,106
Net loss for the year					(281,596,421)	(281,596,421)

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7 Cash and cash equivalents

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Cash on hand	367,427	268,597	31,846	29,181
Deposits held at call with banks	82,593,237	39,137,344	4,470,864	2,443,750
Fixed accounts	9,696	9,515	9,696	9,515
Cash and cash equivalents	<u>82,970,360</u>	<u>39,415,456</u>	<u>4,512,406</u>	<u>2,482,446</u>

The interest rate on fixed accounts with banks is at 1.40% per annum (2013: 1.90% to 2.20% per annum).

8 Trade accounts and other receivables, net

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Trade accounts receivable				
- Third parties	268,969,626	335,309,034	-	19,130,202
- Related parties (Note 29)	47,628,994	138,840,564	1,915,300	31,905,400
Total trade accounts receivable	<u>316,598,620</u>	<u>474,149,598</u>	<u>1,915,300</u>	<u>51,035,602</u>
Accrued income				
- Third parties	14,800,228	17,648,137	-	-
- Related parties (Note 29)	4,719,683	18,199,235	-	8,999,980
Total accrued income	<u>19,519,911</u>	<u>35,847,372</u>	<u>-</u>	<u>8,999,980</u>
Total trade accounts receivable and accrued income	<u>336,118,531</u>	<u>509,996,970</u>	<u>1,915,300</u>	<u>60,035,582</u>
<u>Less</u> Allowance for doubtful accounts	<u>-</u>	<u>(35,996,388)</u>	<u>-</u>	<u>(19,130,202)</u>
Trade accounts receivable and accrued income, net	336,118,531	474,000,582	1,915,300	40,905,380
Amounts due from related parties (Note 29)	116,949,409	-	35,882,207	85,115,385
Other account receivables	5,836,375	23,135,624	23,982	16,485,932
<u>Less</u> Allowance for doubtful accounts other account receivables	<u>-</u>	<u>(20,801,002)</u>	<u>-</u>	<u>(16,062,148)</u>
Prepaid expenses	10,186,089	8,105,929	113,353	57,177
Advances to employees for film production	3,876,104	2,093,623	-	-
Trade account and other receivables, net	<u>472,966,508</u>	<u>486,534,756</u>	<u>37,934,842</u>	<u>126,501,726</u>

During 2014, the Group wrote off trade account and other receivables which are aged overdue. The Group had allowance for these doubtful debts, provided full already. Such write-off was already approved by the Board of Directors.

M Pictures Entertainment Public Company Limited
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For the year ended 31 December 2014

8 Trade accounts 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		Company	
	2014	2013	2014	2013
Trade accounts receivable				
Current	154,549,410	154,546,919	1,915,300	7,980,400
Over-due less than 3 months	76,449,267	105,562,278	-	4,500,000
Over-due 3 - 6 months	26,636,847	71,120,819	-	3,000,000
Over-due 6 - 12 months	30,228,367	89,205,542	-	9,000,000
Over-due over 12 months	28,734,729	53,714,040	-	26,555,202
Total trade accounts receivable	316,598,620	474,149,598	1,915,300	51,035,602
Accrued income	19,519,911	35,847,372	-	8,999,980
Total trade accounts receivable and accrued income	336,118,531	509,996,970	1,915,300	60,035,582
<u>Less</u> Allowance for doubtful accounts	-	(35,996,388)	-	(19,130,202)
Trade accounts receivable and accrued income, net	336,118,531	474,000,582	1,915,300	40,905,380

Trade accounts receivables aged more than 12 months are mainly the receivables from reputable satellite broadcasting businesses which have still been trading actively with the Group. Management believes that these amounts are highly likely to be collected within the year future.

9 Short-term loan to third party, net

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Short-term loan to third party	-	1,700,000	-	1,700,000
<u>Less</u> Allowance for doubtful account	-	(1,700,000)	-	(1,700,000)
Short-term loan to the third party, net	-	-	-	-

Short-term loan to third party represents unsecured promissory notes due at call bearing interest at the rate of 4.00% per annum.

During 2014, the Company wrote off short-term loan to third party that is long outstanding. The Company has set allowance for this doubtful debt in full. Such write-off has been approved by management.

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10 Inventories, net

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Finished goods	103,497,880	116,085,695	-	-
<u>Less</u> Allowance for obsolescence	(3,235,277)	(1,719,719)	-	-
Allowance for diminution in value of inventories	(24,352,790)	(25,585,252)	-	-
Finished goods, net	75,909,813	88,780,724	-	-
Goods in transit	1,918,460	1,921,927	-	-
Inventories, net	<u>77,828,273</u>	<u>90,702,651</u>	-	-

Allowance for obsolescence and diminution in value of inventories was recognised in the consolidated statement of income amounting to Baht 0.28 million (2013: Baht 1.58 million).

As at 31 December 2014, inventories with a value of Baht 51.64 million (2013: Baht 52.76 million) were carried at net realisable value, which is lower than cost.

11 Other current assets, net

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Undue input VAT	8,417,779	10,821,739	296,717	892,798
Others	1,095,960	401,117	-	67,000
Other current assets, net	<u>9,513,739</u>	<u>11,222,856</u>	<u>296,717</u>	<u>959,798</u>

12 Investments in subsidiaries, net

Subsidiaries are incorporated in Thailand. All the investments in subsidiaries are made up of ordinary shares. Investments in subsidiaries as at 31 December are as follows:

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Investment in subsidiaries	-	-	965,925,367	965,925,367
<u>Less</u> Allowance for impairment	-	-	(728,264,800)	(630,820,000)
Investment in subsidiaries, net	<u>-</u>	<u>-</u>	<u>237,660,567</u>	<u>335,105,367</u>

a) Movements of investments in subsidiaries

	Unit: Baht	
	Company	
	2014	2013
Investment in subsidiaries		
Opening net book amount	335,105,367	433,144,074
Acquisition of investments	-	22,444,800
Allowance for impairment	(97,444,800)	(120,483,507)
Closing net book amount	<u>237,660,567</u>	<u>335,105,367</u>

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Notes to the Consolidated and Company Financial Statements
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12 Investments in subsidiaries, net (Cont'd)

a) Movements of investments in subsidiaries (Cont'd)

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

During the year 2013, the Group recognised impairment on investment in subsidiaries and goodwill of MVD Co., Ltd. as described in Note 16 which was primarily due to the decrease in projected revenue arising from external factors including changes in customers' behavior, technology and distribution channel particularly on VCD and DVD products, impacting long term trading performance as well as overall market situation and trend.

Acquisition of investment in subsidiary

Talent One Company Limited

On 31 July 2013, the Company acquired 320,000 ordinary shares in Talent One Company Limited (T1) from Major Cineplex Group Public Company Limited (Major), representing 80.00% of the issued and paid-up share capital. The consideration was made by way of exchange of the Company's newly issued ordinary shares for T1's ordinary shares at the rate of 22 Company's ordinary shares for 1 ordinary share of T1. The total exchanged ordinary shares represented 7,040,000 shares at Baht 2.62 per share. The net book value of the identifiable assets and liabilities transferred from T1 on the acquisition date are as follows:

	Unit: Baht
Cash on hand and cash at banks	2,624,732
Trade accounts and other receivable, net	20,163,948
Inventories, net	5,526,906
Films under production	5,767,855
Advance to employee for film production	108,593
VAT receivable	2,475,971
Withholding tax deducted at sources	328,281
Other current assets	828,590
Equipment, net	1,782,848
Computer program, net	80,414
Film rights, net	10,233,185
Other non-current assets	1,051,000
Bank overdrafts and short-term borrowings from financial institutions	(40,000,000)
Trade accounts and other payable	(16,889,348)
Undue output VAT	(223,979)
Other current liabilities	(382,777)
Other non-current liabilities	(184,102)
Book value of net assets	<u>(6,707,883)</u>
Investment portion (%)	80.00
Book value of net assets acquired	(5,366,306)
Consideration paid by issuance of shares (at fair value)	(18,444,800)
Goodwill	<u>3,704,675</u>
Surplus from business combination under common control	<u><u>(20,106,431)</u></u>

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12 Investments in subsidiaries, net (Cont'd)

a) Movements of investments in subsidiaries (Cont'd)

There was a difference between the cost of business combination under common control and the net book value of subsidiaries amounting to Baht 20,106,431. This balance was presented separately as 'Surplus from Business Combination under Common Control' in the shareholder's equity in the statement of financial position.

On 3 October 2013, the Company made additional investment in T1 of 40,000 shares totaling Baht 4,000,000. The acquisition resulted in the change in shareholding percentage from 80.00% to 90.00%. The difference from additional investment of Baht 5,212,261 was recognised as "Change in parents' ownership interest in subsidiaries" in the consolidated shareholders' equity.

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

Subsidiaries	Nature of business	Nature of relationship	% Ownership interest		Unit: Baht	
			2014	2013	At cost	
			2014	2013	2014	2013
TV Forum Company Limited	Television media business	Shareholder	99.99	99.99	99,999,300	99,999,300
M Pictures Company Limited	Distribution of film rights for cinema, VCD/DVD production and TV broadcast	Shareholder	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	99.99	99.99	398,483,507	398,483,507
M Thirty Nine Company Limited	Film production	Shareholder	99.99	99.99	75,000,000	75,000,000
Talent One Company Limited	Film production, services for all forms of entertainment and sales of pocket books	Shareholder	90.00	90.00	22,444,800	22,444,800
					965,925,367	965,925,367
<u>Less</u> Allowance for impairment					(728,264,800)	(630,820,000)
Investments in subsidiaries, net					237,660,567	335,105,367
Subsidiaries under M V D Company Limited						
Pacific Media Sale Company Limited	Distribution of CD, VCD and DVD	Indirect shareholder	99.40	99.40		

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

13 Investments in joint venture, net

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Investment in joint venture	40,738,937	8,384,364	49,994,743	24,994,743
<u>Less</u> Allowance for impairment	-	-	-	-
Investment in joint venture, net	40,738,937	8,384,364	49,994,743	24,994,743

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13 Investments in joint venture, net (Cont'd)

a) Movements of investments in joint venture are as follows:

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Investment in joint venture				
Opening net book amount	8,384,364	-	24,994,743	-
Acquisition	25,000,000	24,994,743	25,000,000	24,994,743
Share of profit (loss) of investments in joint venture	7,354,573	(7,610,399)	-	-
Dividend income	-	(8,999,980)	-	-
Closing net book amount	<u>40,738,937</u>	<u>8,384,364</u>	<u>49,994,743</u>	<u>24,994,743</u>

Investments in joint venture

Year 2014

On 22 August 2014, M Pictures Entertainment Public Company Limited invested in 500,000 shares of Transformation Film Co., Ltd. Investment in Transformation Film Co., Ltd. is classified as a joint venture of the Group. The Group holds Transformation Film Co., Ltd.'s shares representing 28.57% of the issued and paid-up share capital. The equity method of accounting is applied to this investment in the consolidated financial information.

Year 2013

On 31 July 2013, the Company acquired ordinary shares in Major Kantana Broadcasting Company Limited (M Channel) from Major Cineplex Group Public Company Limited (Major). The consideration was made by way of exchange of the Company's newly issued ordinary shares for M Channel's ordinary shares at the rate of 5.30 Company's ordinary shares for 1 ordinary share of M Channel. The total exchanged ordinary shares represented 9,539,978 shares at Baht 2.62 per share, totaling Baht 24,994,743.

Investment in M Channel is classified as a joint venture company of the Group. The Group holds M Channel's ordinary shares 1,799,996 shares, representing 44.99% of the issued and paid-up share capital. The equity method of accounting is applied to this investment in the consolidated financial information.

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

	Unit: Baht	
	Consolidated	
	2014	2013
Non-current assets	15,429,046	11,391,783
Current assets	155,167,698	79,805,012
Total assets	<u>170,596,744</u>	<u>91,196,795</u>
Non-current liabilities	-	-
Current liabilities	124,879,991	78,864,577
Total liabilities	<u>124,879,991</u>	<u>78,864,577</u>
Net assets	<u>45,716,753</u>	<u>12,332,218</u>
Revenue	145,399,657	73,579,823
Expenses	137,950,379	69,603,005
Proportionate interest in joint venture commitments	No	No

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

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13 Investments in joint venture, net (Cont'd)

a) Movements of investments in joint venture (Cont'd)

Dividend income

At the Board of Director Meeting of M Channel held on 19 December 2013, the directors approved a dividend payment in cash of Baht 5 per share. The Company will receive a cash dividend of Baht 8.99 million on 5 February 2014 which included in "Other income" in the Company's income statement.

b) The details of investments jointly controlled entities are as follows:

Jointly controlled entities	Business	Nature of relationship	Country of incorporation	% Ownership Interest		Unit: Baht	
				2014	2013	Cost method	
				2014	2013	2014	2013
Major Kantana Broadcasting Company Limited	Satellite broadcasting and distribution of film rights	Shareholder	Thailand	44.99	44.99	24,994,743	24,994,743
Transformation Film Company Limited	Film production, advertising, TV broadcasting and services for all forms of entertainment	Shareholder	Thailand	28.57	-	25,000,000	-

Joint venture is incorporated in Thailand. Holding is investment in ordinary shares.

14 Other long-term investment, net

	Consolidated		Company	
	2014	2013	2014	2013
Other long-term investment				
- Future Biz Co., Ltd.	8,500,000	8,500,000	8,500,000	8,500,000
Less Allowance for impairment	(8,500,000)	(8,500,000)	(8,500,000)	(8,500,000)
Other long-term investment, net	-	-	-	-

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15 Buildings and equipment, net

	Consolidated				Unit: Baht
	Buildings and building improvements	Office equipment	Motor vehicles	Construction in progress	Total
At 1 January 2013					
Cost	14,890,561	30,680,796	4,701,860	-	50,273,217
<u>Less</u> Accumulated depreciation	(6,676,571)	(20,696,196)	(1,753,927)	-	(29,126,694)
Allowance for impairment	(24,284)	(669,714)	-	-	(693,998)
Net book value	8,189,706	9,314,886	2,947,933	-	20,452,525
For the year ended 31 December 2013					
Opening net book value	8,189,706	9,314,886	2,947,933	-	20,452,525
Additions	3,815,789	1,459,433	-	-	5,275,222
Disposals, net	-	(34,065)	(1,358,466)	-	(1,392,531)
Write-off, net	-	(29,089)	-	-	(29,089)
Depreciation charge (Note 25)	(1,535,754)	(3,670,072)	(627,223)	-	(5,833,049)
Closing net book value	10,469,741	7,041,093	962,244	-	18,473,078
At 31 December 2013					
Cost	18,706,350	31,858,214	1,602,860	-	52,167,424
<u>Less</u> Accumulated depreciation	(8,212,325)	(24,147,407)	(640,616)	-	(33,000,348)
Allowance for impairment	(24,284)	(669,714)	-	-	(693,998)
Net book value	10,469,741	7,041,093	962,244	-	18,473,078
For the year ended 31 December 2014					
Opening net book value	10,469,741	7,041,093	962,244	-	18,473,078
Additions	753,761	2,658,749	-	2,004,000	5,416,510
Disposals, net	-	(1)	-	-	(1)
Write-off, net	-	(19,332)	-	-	(19,332)
Depreciation charge (Note 25)	(1,709,439)	(3,451,795)	(319,871)	-	(5,481,105)
Closing net book value	9,514,063	6,228,714	642,373	2,004,000	18,389,150
At 31 December 2014					
Cost	19,460,111	33,716,149	1,602,860	2,004,000	56,783,120
<u>Less</u> Accumulated depreciation	(9,921,764)	(26,817,721)	(960,487)	-	(37,699,972)
Allowance for impairment	(24,284)	(669,714)	-	-	(693,998)
Net book value	9,514,063	6,228,714	642,373	2,004,000	18,389,150

As at 31 December 2014, the Company had pledged the condominium with the cost of Baht 8.97 million (2013: Baht 8.97 million) as collateral against borrowing facility obtained from the commercial bank (Note 19).

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15 Buildings and equipment, net (Cont'd)

	Company			Unit: Baht
	Buildings and building improvements	Office equipment	Construction in progress	Total
At 1 January 2013				
Cost	10,187,779	5,119,017	-	15,306,796
<u>Less</u> Accumulated depreciation	(5,594,665)	(3,226,350)	-	(8,821,015)
Net book value	<u>4,593,114</u>	<u>1,892,667</u>	-	<u>6,485,781</u>
For the year ended 31 December 2013				
Opening net book value	4,593,114	1,892,667	-	6,485,781
Additions	-	492,441	-	492,441
Write-off, net	-	(29,089)	-	(29,089)
Depreciation charge (Note 25)	(828,760)	(601,957)	-	(1,430,717)
Closing net book value	<u>3,764,354</u>	<u>1,754,062</u>	-	<u>5,518,416</u>
At 31 December 2013				
Cost	10,187,779	5,565,688	-	15,753,467
<u>Less</u> Accumulated depreciation	(6,423,425)	(3,811,626)	-	(10,235,051)
Net book value	<u>3,764,354</u>	<u>1,754,062</u>	-	<u>5,518,416</u>
For the year ended 31 December 2014				
Opening net book value	3,764,354	1,754,062	-	5,518,416
Additions	371,946	90,500	2,004,000	2,466,446
Write-off, net	-	(19,333)	-	(19,333)
Depreciation charge (Note 25)	(612,165)	(586,865)	-	(1,199,030)
Closing net book value	<u>3,524,135</u>	<u>1,238,364</u>	<u>2,004,000</u>	<u>6,766,499</u>
At 31 December 2014				
Cost	10,559,725	5,626,688	2,004,000	18,190,413
<u>Less</u> Accumulated depreciation	(7,035,590)	(4,388,324)	-	(11,423,914)
Net book value	<u>3,524,135</u>	<u>1,238,364</u>	<u>2,004,000</u>	<u>6,766,499</u>

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

	Consolidated			Company		Unit: Baht
	2014	2013	2014	2013	2013	
Cost - capitalised finance leases	963,210	963,210	963,210	963,210	963,210	
<u>Less</u> Accumulated depreciation	(679,312)	(486,670)	(679,312)	(486,670)	(486,670)	
Net book value	<u>283,898</u>	<u>476,540</u>	<u>283,898</u>	<u>476,540</u>	<u>476,540</u>	

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16 Intangible assets, net

	Consolidated			Unit: Baht
	Goodwill	Computer program	Film rights	Company Computer program and film rights
At 1 January 2013				
Cost	439,069,516	7,616,772	2,181,276,536	16,166,649
<u>Less</u> Accumulated amortisation	-	(4,258,998)	(1,823,669,030)	(13,979,756)
Allowance for impairment	(175,825,271)	(1,316,008)	(43,742,782)	(1,396,244)
Net book value	263,244,245	2,041,766	313,864,724	790,649
For the year ended 31 December 2013				
Opening net book value	263,244,245	2,041,766	313,864,724	790,649
Additions	-	40,000	391,297,299	40,000
Write-off, net	-	-	-	-
Amortisation (Note 25)	-	(254,367)	(402,043,648)	(171,989)
Impairment charge (Note 25)	(120,397,064)	-	(13,875,542)	-
Closing net book value	142,847,181	1,827,399	289,242,833	658,660
At 31 December 2013				
Cost	439,069,516	7,656,772	1,512,529,783	16,206,649
<u>Less</u> Accumulated amortisation	-	(4,513,365)	(1,184,675,781)	(14,151,745)
Allowance for impairment	(296,222,335)	(1,316,008)	(38,611,169)	(1,396,244)
Net book value	142,847,181	1,827,399	289,242,833	658,660
For the year ended 31 December 2014				
Opening net book value	142,847,181	1,827,399	289,242,833	658,660
Additions	-	313,480	317,701,422	313,480
Write-off, net	-	-	-	-
Amortisation (Note 25)	-	(261,363)	(436,696,787)	(178,985)
Impairment charge (Note 25)	(3,704,675)	-	(16,903,613)	-
Closing net book value	139,142,506	1,879,516	153,343,855	793,155
At 31 December 2014				
Cost	439,069,516	7,970,252	1,685,938,283	16,520,129
<u>Less</u> Accumulated amortisation	-	(4,774,728)	(1,479,374,912)	(14,330,730)
Allowance for impairment	(299,927,010)	(1,316,008)	(53,219,516)	(1,396,244)
Net book value	139,142,506	1,879,516	153,343,855	793,155

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.

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.

	2014				2013			
	M Pictures Co., Ltd. Baht	MVD Co., Ltd. Baht	Talent One Co., Ltd. Baht	Total Baht	M Pictures Co., Ltd. Baht	MVD Co., Ltd. Baht	Talent One Co., Ltd. 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)	-	(296,222,335)
Goodwill, net	139,142,506	-	-	139,142,506	139,142,506	-	3,704,675	142,847,181

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17 Other non-current assets, net

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Guarantees on buildings rental and others	2,560,536	1,934,031	1,263,815	994,035
Others	-	24,673	-	-
Other non-current assets, net	<u>2,560,536</u>	<u>1,958,704</u>	<u>1,263,815</u>	<u>994,035</u>

18 Trade accounts and other payables

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Trade accounts payable	90,483,839	83,758,918	-	267,202
Amounts due to related parties (Note 29)	21,536,132	1,469,845	15,147,936	22,879,299
Other payables	22,912,643	29,779,692	1,448,914	388,991
Deferred income	38,315,282	6,191,400	-	-
Accrued expenses	49,542,327	43,179,116	1,342,952	3,699,389
Trade accounts and other payables	<u>222,790,223</u>	<u>164,378,971</u>	<u>17,939,802</u>	<u>27,234,881</u>

19 Borrowings

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Current				
Bank overdrafts	-	59,715,012	-	9,472,507
Short-term borrowings from financial institutions	50,000,000	633,510,000	-	35,000,000
Total bank overdrafts and short-term borrowings from financial institutions	<u>50,000,000</u>	<u>693,225,012</u>	<u>-</u>	<u>44,472,507</u>
Current portions of long-term borrowings from financial institutions	-	91,924,271	-	91,372,232
Non-current				
Long-term borrowings from financial institutions	-	48,453,231	-	48,453,231
Total borrowings from financial institutions	<u>50,000,000</u>	<u>833,602,514</u>	<u>-</u>	<u>184,297,970</u>

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

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Borrowings:				
- at fixed rates	50,000,000	633,510,000	-	35,000,000
- at floating rates	-	200,092,514	-	149,297,970
Total borrowings	<u>50,000,000</u>	<u>833,602,514</u>	<u>-</u>	<u>184,297,970</u>

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19 Borrowings (Cont'd)

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

	Consolidated		Company	
	2014	2013	2014	2013
Bank overdrafts	-	7.375% - 8.000%	-	8.000%
Bank borrowings	-	6.250% - 6.875%	-	6.250% - 6.875%
Bank promissory notes	3.400% - 6.750%	3.430% - 6.375%	-	4.400%

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

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Opening balance	773,887,502	649,914,795	174,825,463	82,677,820
Additions	560,000,000	613,000,000	49,400,000	155,390,000
Repayments made during the year	(1,283,887,502)	(489,027,293)	(224,225,463)	(63,242,357)
Closing balance	50,000,000	773,887,502	-	174,825,463

Maturity of bank's long-term borrowings:

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Within 1 year	-	91,924,271	-	91,372,232
Later than 1 year but not later than 5 years	-	48,453,231	-	48,453,231
Total long-term borrowings from banks	-	140,377,502	-	139,825,463

As at 31 December 2014, the Group had promissory notes denominated in Thai Baht of Baht 50.00 million (2013: Baht 633.51 million) that can be analysed as follows:

No.	Amount (Baht)	Interest rate
1	45,000,000	Money Market Rate ("MMR") or 3.40%
2	5,000,000	Bearing interest rates 3.95% and 4.10% per annum
	<u>50,000,000</u>	

Promissory notes of Baht 50.00 million are guaranteed by a major shareholder. The promissory notes are due within six months.

As at 31 December 2014, the Group had no long-term borrowings from financial institutions (2013: Baht 140.38 million interest at Minimum Lending Rate ("MLR") minus 0.5% per annum. The promissory notes that are guaranteed by a major shareholder are due within three years).

Borrowing facilities

As at 31 December 2014, the Group had the available credit facilities of Baht 1,439.50 million (2013: Baht 396.40 million). Borrowing facilities are mainly for the purpose of acquisitions of film rights, film productions and working capital.

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20 Employee benefit obligations

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Statement of financial position				
Pension benefits	3,820,179	3,717,355	2,237,252	2,432,919
Statement of income				
Pension benefits	102,824	415,677	(195,667)	183,687

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

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
At 1 January	3,717,355	4,302,270	2,432,919	3,249,824
Current service cost	1,227,131	333,884	401,842	136,187
Interest cost	123,876	81,793	72,287	47,500
Benefit paid	-	(1,000,592)	-	(1,000,592)
Actuarial gain	(1,248,183)	-	(669,796)	-
At 31 December	<u>3,820,179</u>	<u>3,717,355</u>	<u>2,237,252</u>	<u>2,432,919</u>

The amounts recognised in the statement of income are as follows:

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Current service cost	1,227,131	333,884	401,842	136,187
Interest cost	123,876	81,793	72,287	47,500
Total, included in staff costs	<u>1,351,007</u>	<u>415,677</u>	<u>474,129</u>	<u>183,687</u>

The principal actuarial assumptions used were as follows:

	Consolidated		Company	
	2014	2013	2014	2013
Discount rate	4.1%	3.8%	4.1%	3.8%
Inflation rate	3.0%	3.0%	3.0%	3.0%
Future salary increases rate	3.0% - 9.0%	3.0% - 9.0%	3.0% - 9.0%	3.0% - 9.0%

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21 Deferred income taxes

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

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	15,096,221	-	42,125	-
Deferred tax assets to be recovered after more than 12 months	4,375,596	-	447,450	-
	19,471,817	-	489,575	-
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	-	(3,692,481)	-	-
Deferred tax liabilities to be settled after more than 12 months	-	-	-	-
	-	(3,692,481)	-	-
Deferred tax, net	19,471,817	(3,692,481)	489,575	-

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

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
At 1 January	(3,692,481)	(5,965,587)	-	-
Charged to profit or loss	23,164,298	2,273,106	489,575	-
At 31 December	19,471,817	(3,692,481)	489,575	-

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

	Unit: Baht			
	Consolidated			31 December 2014
	1 January 2014	Credit (debit) to profit or loss	Other Comprehensive income	
Deferred income tax assets				
Depreciation of building improvements	-	3,766	-	3,766
Amortisation of film rights	-	18,995,739	-	18,995,739
Employee benefits	-	472,312	-	472,312
Total	-	19,471,817	-	19,471,817
Deferred income tax liabilities				
Film rights	(3,692,481)	3,692,481	-	-
Total	(3,692,481)	3,692,481	-	-
Deferred income tax, net	(3,692,481)	23,164,298	-	19,471,817

M Pictures Entertainment Public Company Limited
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21 Deferred income taxes (Cont'd)

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

	Company			Unit: Baht
	1 January 2014	Credit (debit) to profit or loss	Other Comprehensive income	31 December 2014
	Deferred income tax assets			
Depreciation of building improvements	-	3,766	-	3,766
Amortisation of film rights	-	38,359	-	38,359
Employee benefits	-	447,450	-	447,450
Total	-	489,575	-	489,575
Deferred income tax, net	-	489,575	-	489,575

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

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Deferred tax assets	19,471,817	-	489,575	-
Deferred tax liabilities	-	(3,692,481)	-	-
Deferred tax, net	19,471,817	(3,692,481)	489,575	-

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 2014, the Group did not recognise deferred income tax assets of Baht 72.74 million in respect of tax losses carried forward approximately Baht 363.70 million. A summary of the tax losses carried forward and the expiry dates are set out below:

	Consolidated Baht Million	Company Baht Million
Expiry year		
2015	12.02	-
2016	15.31	-
2017	41.42	-
2018	154.21	-
2019	140.74	-
	363.70	-

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22 Share capital and premium on share capital

	Authorised number of shares	Issued and fully paid-up		
		Number of shares	Ordinary shares Baht	Share premium Baht
At 1 January 2013	647,662,500	641,250,000	641,250,000	105,752,737
Increase of authorised shares	28,240,000	16,579,978	16,579,978	26,859,565
At 31 December 2013	675,902,500	657,829,978	657,829,978	132,612,302
Decrease of authorised shares	(11,660,022)	-	-	-
Increase of authorised shares	657,829,978	641,537,187	641,537,187	320,768,593
Warrant exercised	-	430,150	430,150	369,929
At 31 December 2014	<u>1,322,072,456</u>	<u>1,299,797,315</u>	<u>1,299,797,315</u>	<u>453,750,824</u>

The total numbers of authorised ordinary shares are 1,322.07 million shares (2013: 675.90 million shares) with a par value of Baht 1 per share (2013: Baht 1 per share).

Year 2014

At the Annual General Meeting for the year ending 2014 held on 23 April 2014, the shareholders approved the decrease of the Company's registered capital by cancelling 11,660,022 unissued registered shares (except for 6,412,500 ordinary shares being reserved for warrants No. 1 (MPIC-ESOP#1)), at a par value of Baht 1 per share. This results the Company's registered capital to be at Baht 664,242,478 with a par value of Baht 1 per share.

At the Extraordinary General Meeting of Shareholders No. 1/2014 held on 22 July 2014, the shareholders approved the increase of authorised share capital of Baht 657,829,978 from the issuance of 657,829,978 shares at a par value of Baht 1 per share with the Right Offering at Baht 1.50 per share for the use of recapitalisation of the Company to support establishment of new business including the production of contents and film right distribution businesses for digital TV. As a result, the Company's registered capital at Baht 1,322,072,456 with a par value of Baht 1 per share and a total share premium of Baht 453,750,824. The Company issued and partially received the subscription of Baht 1,299,367,165. The Company registered the increase of the registered share capital with the Ministry of Commerce on 3 September 2014.

During 2014, 430,150 units of warrants were exercised for a total of capital amounting of Baht 533,386 which includes share premium of Baht 369,929.

Year 2013

At the 2013 Annual General Meeting of the shareholders held on 30 July 2013, the shareholders passed a resolution to approve the increase of authorised share capital of 28.24 million shares with a par value of Baht 1 per share. The issuance is for the purpose of the investment in Talent One Company Limited and Major Kantana Broadcasting Company Limited. The Company registered the increase of the registered share capital with the Ministry of Commerce on 2 August 2013.

On 31 July 2013, the Company acquired ordinary shares in Talent One Company Limited and Major Kantana Broadcasting Company Limited as explained in Note 12 and Note 13 by the exchange of its 16.58 million newly issued ordinary shares. As a result, Talent One Company Limited has become a subsidiary and Major Kantana Broadcasting Company Limited has become a joint venture of the Company since the date of acquisition. The Company registered the increase in share capital with the Ministry of Commerce and registered for stock trading with the Stock Exchange of Thailand on 2 August 2013.

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23 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	Exercise ratio	Exercise price	Exercise period	
		Million	Unit/share	Baht/unit	Start	End
MPIC-ESOP#1	24 April 2012	4.42	1.00	1.59	30 June 2014	29 April 2017

The Company issued and offered warrants 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 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.

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

	Consolidated		Company	
	Average exercise price Baht per share	Option	Average exercise price Baht per share	Option
At 1 January 2013	1.59	4,424,625	1.59	4,424,625
Granted	-	-	-	-
Forfeited	-	(2,116,125)	-	(2,116,125)
Exercised	-	-	-	-
Expired	-	-	-	-
At 31 December 2013	1.59	2,308,500	1.59	2,308,500
At 1 January 2014	1.59	2,308,500	1.59	2,308,500
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	(333,450)	-	(333,450)
Expired	-	-	-	-
At 31 December 2014	1.24	1,975,050	1.24	1,975,050

During 2014, warrants (ESOP#1) of 333,450 options have been exercised amount of Baht 533,386 (Note 22).

As at 31 December 2014, the Company had 1,975,050 outstanding options (2013: 2,308,500).

M Pictures Entertainment Public Company Limited
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23 Share-based payment (Cont'd)

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

	Consolidated		Company	
	Average exercise price Baht per share	Shares	Average exercise price Baht per share	shares
Expired date : 24 April 2017				
31 December 2013	1.59	2,308,500	1.59	2,308,500
31 December 2014	1.24	1,975,050	1.24	1,975,050

During the year ended 31 December 2014, there is no change in the condition of warrants (MPIC-ESOP#1). However, the Company issued additional shares that met the condition as stipulated in the condition of warrants, resulted to change the exercise price and assumptions using the Black-Scholes valuation model as follows:

Condition of warrants	MPIC-ESOP#1	
	Original	As adjusted
Exercise price (Baht per share)	1.59	1.24
Exercise ratio (Unit per share)	1 : 1	1 : 1.29
Variable	Original assumptions	Adjusted assumptions
Fair value of warrant (Baht per option)	0.28 - 0.65	1.17 - 1.34
Volatility (%)	37.15 - 62.70	39.72 - 63.80
Dividend yield (%)	2.12	1.23
Weighted average share price at the granted date (Baht per share)	1.49	2.40
Expected option life (year)	2.18 - 4.18	0.18 - 1.93
Risk-free interest rate (%)	3.34 - 3.47	2.00 - 2.38

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#1 will be increased.

The Company recognised the value of warrants over the vesting period. As at 31 December 2014, the expense related to warrant is recognised as an expense in the consolidated and company income statements with a corresponding credit to the consolidated and company equity of Baht 1,996,333.

24 Legal reserve

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
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.

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25 Expense by nature

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Staff costs	82,370,670	76,472,373	16,006,720	14,322,671
Depreciation on property and equipment (Note 15)	5,481,105	5,833,049	1,199,030	1,430,717
Amortisation of intangible assets				
- Film rights (Note 16)	436,696,787	402,043,648	-	-
- Computer software (Note 16)	261,363	254,367	178,985	171,989
Impairment (reversal) of assets				
- Film rights (Note 16)	16,903,613	13,875,542	-	-
Bad debt and (reverse) doubtful accounts	98,653,867	342,062	16,767	(59,874)
Impairment of inventories	283,096	1,584,114	-	-

26 Finance costs

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
Finance costs				
Bank borrowings	24,473,373	35,646,763	7,058,147	8,735,318
Short-term borrowings from related parties	956,986	3,607,877	6,138,741	10,525,644
Finance lease	22,682	54,588	22,682	41,521
Others	-	11,781	-	11,781
Total	<u>25,453,041</u>	<u>39,321,009</u>	<u>13,219,570</u>	<u>19,314,264</u>

27 Income tax

	Unit: Baht			
	Consolidated		Company	
	2014	2013	2014	2013
For the year ended 31 December				
Current tax	3,703,727	-	-	-
Deferred income tax:				
Origination and reversal of temporary differences	<u>(23,164,298)</u>	<u>(2,273,106)</u>	<u>(489,575)</u>	<u>-</u>
Income tax	<u>(19,460,571)</u>	<u>(2,273,106)</u>	<u>(489,575)</u>	<u>-</u>

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27 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:

	Consolidated		Company	
	2014	2013	2014	2013
Loss before tax	(208,722,315)	(283,869,527)	(99,927,315)	(83,688,307)
Tax calculated at a tax rate of 20% (2013: 20%)	(41,744,463)	(56,773,905)	(19,985,463)	(16,737,661)
Tax effect of:				
Joint venture's results reported net of tax	(1,470,915)	1,522,080	-	-
Income not subject to tax	-	-	-	(1,799,996)
Expenses not deductible for tax purpose	794,113	349,645	26,282	109,811
Temporary differences in which no deferred income tax asset was recognised	33,293,651	29,696,529	19,865,877	23,511,580
Utilisation of previously unrecognised tax losses	(37,604,272)	(8,799,790)	(536,041)	(5,083,734)
Tax losses for which no deferred income tax asset was recognised	29,500,087	31,918,050	139,770	-
Unrealised (gain) losses from intercompany transaction	(2,228,772)	(185,715)	-	-
Tax charge/(credit)	(19,460,571)	(2,273,106)	(489,575)	-

28 Loss per share

Basic loss 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 per share are calculated as follows:

	Consolidated		Company	
	2014	2013	2014	2013
Loss (Baht)				
Net loss attributable to ordinary shareholders of the company	(183,264,178)	(246,553,850)	(99,437,740)	(83,688,307)
Weighted average number of ordinary shares outstanding (Shares)	882,915,824	648,245,388	882,915,824	648,245,388
Basic loss per share (Baht per share)	(0.21)	(0.38)	(0.11)	(0.13)

The diluted loss 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.

M Pictures Entertainment Public Company Limited
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28 Loss per share (Cont'd)

The diluted earnings per share are calculated as follows:

	Consolidated		Company	
	2014	2013	2014	2013
Loss (Baht)				
Net loss attributable to shareholders of the company	(183,264,178)	(246,553,850)	(99,437,740)	(83,688,307)
Weighted average number of ordinary shares outstanding (Shares)				
Adjustments for:				
The effect of dilutive potential shares	1,154,250	733,621	1,154,250	733,621
Weighted average number of ordinary shares for diluted loss per share	884,070,074	648,979,009	884,070,074	648,979,009
Diluted loss per share (Baht per share)	(0.21)	(0.38)	(0.11)	(0.13)

29 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 91.37% of the Company's shares (2013: 91.37%). All subsidiaries and associates of Major Cineplex Group Company Limited are related parties.

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29 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		Company	
	2014	2013	2014	2013
Management fee income				
Subsidiaries	-	-	16,800	44,860
Joint venture	7,002	-	-	-
	<u>7,002</u>	<u>-</u>	<u>16,800</u>	<u>44,860</u>
Sales of goods and services				
Parent company	100,306	93,207	-	-
Subsidiaries	-	-	8,530	40,680
Related companies	34,887	33,445	-	-
Joint venture	7,440	79,220	-	-
	<u>142,633</u>	<u>205,872</u>	<u>8,530</u>	<u>40,680</u>
Advertising income				
Parent company	-	93	-	-
Related company	60,400	83,050	-	-
	<u>60,400</u>	<u>83,143</u>	<u>-</u>	<u>-</u>
Rental and service income				
Subsidiaries	-	-	2,910	3,436
	<u>-</u>	<u>-</u>	<u>2,910</u>	<u>3,436</u>
Interest income				
Subsidiaries	-	-	15,263	9,902
Joint venture	3,628	-	-	-
	<u>3,628</u>	<u>-</u>	<u>15,263</u>	<u>9,902</u>
Other income				
Related company	-	8	-	-
Joint venture	-	-	-	9,000
	<u>-</u>	<u>8</u>	<u>-</u>	<u>9,000</u>

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29 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		Company	
	2014	2013	2014	2013
Purchase of goods and services				
Parent company	7,680	13,830	-	-
Related companies	2,183	1,727	-	-
	<u>9,863</u>	<u>15,557</u>	<u>-</u>	<u>-</u>
Advertising expense				
Parent company	2,499	2,325	-	-
Related companies	202	381	-	-
Joint venture	1,360	1,005	-	-
	<u>4,061</u>	<u>3,711</u>	<u>-</u>	<u>-</u>
Rental and service expenses				
Parent company	<u>4,338</u>	<u>3,829</u>	<u>4,338</u>	<u>3,829</u>
Interest expense				
Parent company	957	3,608	773	3,296
Subsidiaries	-	-	5,366	7,229
	<u>957</u>	<u>3,608</u>	<u>6,139</u>	<u>10,525</u>
Other expenses				
Parent company	406	58	391	32
Related company	165	28	96	28
	<u>571</u>	<u>86</u>	<u>487</u>	<u>60</u>

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 ranging from 2.00% to 7.00% per annum
Management fees	Agreed prices as stipulated in the agreements

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29 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		Company	
	2014	2013	2014	2013
Trade accounts receivable (included in "Trade accounts receivable and other receivables")				
Parent company	6,354	24,548	-	-
Subsidiaries	-	-	1,915	31,905
Related companies	10,093	29,774	-	-
Joint venture	31,182	84,519	-	-
Total trade accounts receivable	47,629	138,841	1,915	31,905
Accrued income				
Parent company	3,635	6,706	-	-
Related companies	1,085	2,493	-	-
Joint venture	-	9,000	-	9,000
Total accrued income	4,720	18,199	-	9,000
Trade accounts receivable and accrued income, net	52,349	157,040	1,915	31,905
<u>Less</u> Allowance for doubtful account	-	-	-	-
Trade accounts receivable and accrued income, net	52,349	157,040	1,915	31,905
Amounts due from related parties				
Subsidiaries	-	-	35,882	85,115
Related company	230	-	-	-
Joint venture	116,719	-	-	-
Total amounts due from	116,949	-	35,882	85,115
<u>Less</u> Allowance for doubtful account	-	-	-	-
Amount due from related parties, net	116,949	-	35,882	85,115
Guarantee paid for rental and service (included in "Non-current assets")				
Parent company	1,264	983	1,264	983
Trade accounts payable (included in "Trade accounts payable and other payables")				
Parent company	6,342	9,713	-	-
Related companies	1,400	1,176	-	-
Joint venture	535	-	-	-
Total trade accounts payable	8,277	10,889	-	-
Amount due to related parties				
Parent company	50	794	50	526
Subsidiary	-	-	14,773	21,891
Related companies	47	4	-	4
Joint venture	21,114	214	-	-
Committee	325	458	325	458
Total amount due to related parties	21,536	1,470	15,148	22,879
Guarantee deposits for rental and service (included in "Other non-current assets")				
Subsidiaries	-	-	747	747

As at 31 December 2014, amounts due from related parties - joint venture totaling Baht 116.60 million are concerned with advance payment for film production and the costs associated with the production of the film.

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29 Related party transactions (Cont'd)

iv) Short-term loans to subsidiaries

	Unit: Baht'000			
	Consolidated		Company	
	2014	2013	2014	2013
Subsidiaries				
At 1 January	-	-	204,600	87,200
Loans made during the year	-	-	1,196,500	300,800
Loans repaid during the year	-	-	(518,600)	(183,400)
At 31 December	-	-	882,500	204,600

Loans to subsidiaries carry interest at the rate of 2.00% per annum, 3.50% per annum, 4.25% per annum and 7.00% per annum (2013: 7.00% per annum). Such loans are in the form of promissory notes and are due at call.

v) Short-term borrowings from related parties

The movement in short-term borrowings from related parties can be analysed as follows:

	Unit: Baht'000			
	Consolidated		Company	
	2014	2013	2014	2013
Subsidiaries				
At 1 January				
Beginning balance	-	-	104,500	172,000
Borrowings acquired during the year	-	-	75,900	185,500
Repayment of borrowings during the year	-	-	(180,400)	(253,000)
At 31 December	-	-	-	104,500

	Unit: Baht'000			
	Consolidated		Company	
	2014	2013	2014	2013
Parent company				
Beginning balance	55,000	10,000	40,000	10,000
Borrowings acquired during the year	115,000	425,000	115,000	395,000
Repayment of borrowings during the year	(170,000)	(380,000)	(155,000)	(365,000)
At 31 December	-	55,000	-	40,000
Total short-term borrowings from related parties	-	55,000	-	144,500

Short-term borrowings from subsidiaries in the form of promissory notes carry interest at the rate of 7.00% per annum (2013: 7.00% per annum). Such borrowings are due at call.

Borrowings from the parent company carry interest at the rate of 3.50% per annum, 4.25% per annum and 6.125% per annum (2013: 3.50% per annum, 4.25% per annum and 6.125% per annum) and due for repayment within 1 month.

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29 Related party transactions (Cont'd)

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

vi) 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		Company	
	2014	2013	2014	2013
Short-term employee benefits	10,672	11,693	10,672	11,693
Post-employee benefits	85	104	85	64
	<u>10,757</u>	<u>11,797</u>	<u>10,757</u>	<u>11,757</u>

30 Commitments and contingencies

i) Bank guarantees

As at 31 December 2014, there were outstanding bank guarantees given on behalf of the Group to third parties in respect of film rights purchases amounting to Baht 25.00 million (2013: Baht 17.40 million).

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

As at 31 December 2014, 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		Company	
	2014	2013	2014	2013
Not later than 1 year	2.93	6.55	3.90	4.00
Later than 1 year but not later than 5 years	5.22	12.20	3.76	7.66
Total operating lease commitments	<u>8.15</u>	<u>18.75</u>	<u>7.66</u>	<u>11.66</u>

iii) Commitments from purchase of film rights

As at 31 December 2014, the Group had commitments in respect of purchases of film rights amounting to USD 2.22 million, Baht 85.46 million payable over the next two years (2013: USD 4.74 million, EUR 0.03 million and Baht 78.00 million).

iv) Commitments from film productions

As at 31 December 2014, 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 15.49 million (2013: Baht 47.28 million).

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31 Subsequent event

At the Board of Directors (“the Board”) Meeting held on 10 February 2015, the Board passed the following resolutions:

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



M Pictures Entertainment Public Company Limited

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