



M PICTURES

ANNUAL REPORT | 2017

M Pictures Entertainment Public Company Limited

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Message from Chairman



Dear shareholders,

In 2017, 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. The group's has to close down the manufacturing and distribution VCD, DVD and Pocket Book. Consequently, the group's gross revenues have been decreased from 485.21 million baht in 2015 to 363.59 million baht in 2018

In 2017, 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 e.g. to be the pioneer of Licensing Distribution including the group is efficiently adjust the cost and expenses strategy up to date, 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: 68

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 the Board, the Government Pharmaceutical Organization
 - Chairman of the Board, the Public Warehouse Organization
 - Director, Thai Airways Public Company Limited.
 - 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
 - Vice President, Soccer Association of Thailand Patron: His Majesty the King
 - Vice President, Ruby Association of Thailand Patron: His Majesty the King
 - Vice Executive, Thailand University Games
 - The Tour and Sports Commission
 - Subcommittee Chairman, Rajpruek Club

**Mr. Vicha Poolvaraluk**

Director and Vice Chairman of the Board of Director

Age: 55

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 : Director and Chief Executive Officer, Major Cineplex Group Plc.
- 2003-Present : Director, Siam Future Development Plc.
- 2012-Present : Chairman, Major Cares Foundation

Board of directors



Mr. Thanakorn Puriwekin

Director and Chief Executive Officer

Age 61

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) 2004, Thai Institute of Director (IOD)

Experiences:

- 2013-Present : Chief Executive Director /Director, M Pictures Entertainment Plc.
- 2014- Present: Director, Transformation Films Co.,Ltd.
- 1995-2017 : Chief Film Officer/ Director, Major Cineplex Group Plc.



Mr. Thanachai Santichaikul

Independent Director and Chairman of Audit Committee

Age 63

Shareholding: 0 %

Relationship with Management: No

Education:

- Thammasat University, Master Degree of Business Administration
- Chulalongkorn University, Diploma Program in Accountancy
- Chulalongkorn University, Bachelor degree of Accountancy

Training Program:

- Directors Certification Program (DCP) Class 18/2002
- 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:

- 1979–April 2012 : National Multimedia Group Plc.
- 1976–1979 : Auditor, SGV na Thalang Co.,Ltd.

Present Position:

- Independent Director/ Chairman Audit Committee, M Pictures Entertainment Plc.
- 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 Co., Ltd.
- Audit Committee, Chulalongkorn University.
- Director, Chulabook of Chulalongkorn University.
- Executive Director, TPN Media Co.,Ltd.
- Independent Director and Audit Committee, Eastern Polymer Group Plc.
- Director, Spring News Corporation Co.,Ltd.
- Director, News Network Multimedia Co.,Ltd.
- Director, Siam Syndicate Technology Co.,Ltd.
- Director, Thriven Reit Management Co.,Ltd.

Board of directors

**Mr. Attapon Chodchoy**

Independent Director and Audit Committee

Age 61

Shareholding: 0 %

Relationship with Management: No

Education:

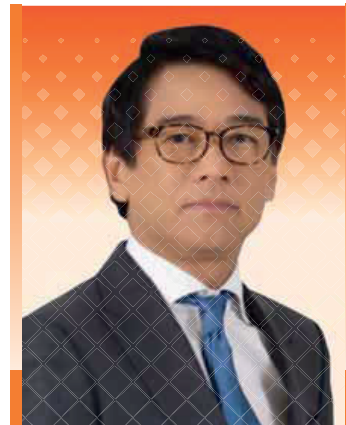
- Chulalongkorn University, Bachelor degree of Accountancy

Training Program:

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

Experiences:

- 2013-Present : Independent Director/ Audit Committee, M Pictures Entertainment Plc
- 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, Molnlycke Health Care Thailand Co., Ltd.
- 1999-2001 : Chief Finance Officer, The British Dispensary (LP) Co.,Ltd.
- 1982-1999 : Executive Director/CFO, Minor Corporation Plc.
- 1979-1982 : Auditor, SGV na Thalang Co.,Ltd

**Mr. Vachara Tuntariyanond**

Independent Director and Audit Committee

Age 59

Shareholding: 0%

Relationship with Management: No

Education:

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

Training Program:

- Thai Institute of Director (IOD); ACP 41/2012, MFM 8/2012, MFR 16/2012, MIA 13/2012, MIR 13/2012, DCP 94/2007

Experiences:

- 2017- Present : Financial Expert, Office of Insurance Commission (OIC)
- 2017- Present : Director, Thai Airways Plc.
- 2016- Present : Independent Director/Audit Committee, M Pictures Entertainment Plc.
- 2014- Present : Director/ Chairman of Board of Director, Krungthai Asset Management Plc.
- 2013- Present : Director/ Chairman of Board of Director, Eastern Polymer Group Plc.

Board of directors



Mr. Apichart Kongchai

Director

Age 52

Shareholding: 0%

Relationship with Management: No

Education:

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

Experiences:

- 2017 – Present : Director, M Pictures Entertainment Plc.
- 2013 – Present : Chief Cinema Officer, Major Cineplex Group Plc.
- 2009 – 2013 : Director, Major Cineplex Group Plc.
- 2008 – 2009 : Asst. Director, Major Cineplex Group Plc.



Mr. Apirak Varachanonth

Director

Age: 44

Shareholding: 0%

Education:

- Mahidol University, Master of Arts (Population and Social Research)
- University of the Thai Chamber of Commerce, Bachelor of Business Administration (Human Resource Management)

Training Program:

- Sustainable Development, Thailand Management Association (TMA)
- Thailand HR Forum 2016, Personnel Management Association of Thailand (PMAT)
- Design & Implementing Sales Incentive Program
- Manpower Planning Cost Saving & Workforce Productivity
- Talent Management & Leadership Development Strategies
- Presentation Writing for Management Decision
- Leaders Developing Leaders

Experience:

- 2017- Present : Director, M Pictures Entertainment Plc.
- 2017- Present : Chief Human Resources Officer, Major Cineplex Group Plc.
- 2013- 2016 : Director of Human Resources, Major Cineplex Group Plc.
- 2006-2013 : Human Resources Director's Assistant, True Corporation Plc.

Board of directors



Miss Thitapat Issarapornpat

Director and Acting on behalf of Company Secretary

Age 49

Shareholding 0%

Relationship with Management: Executive

Education:

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

Training Program:

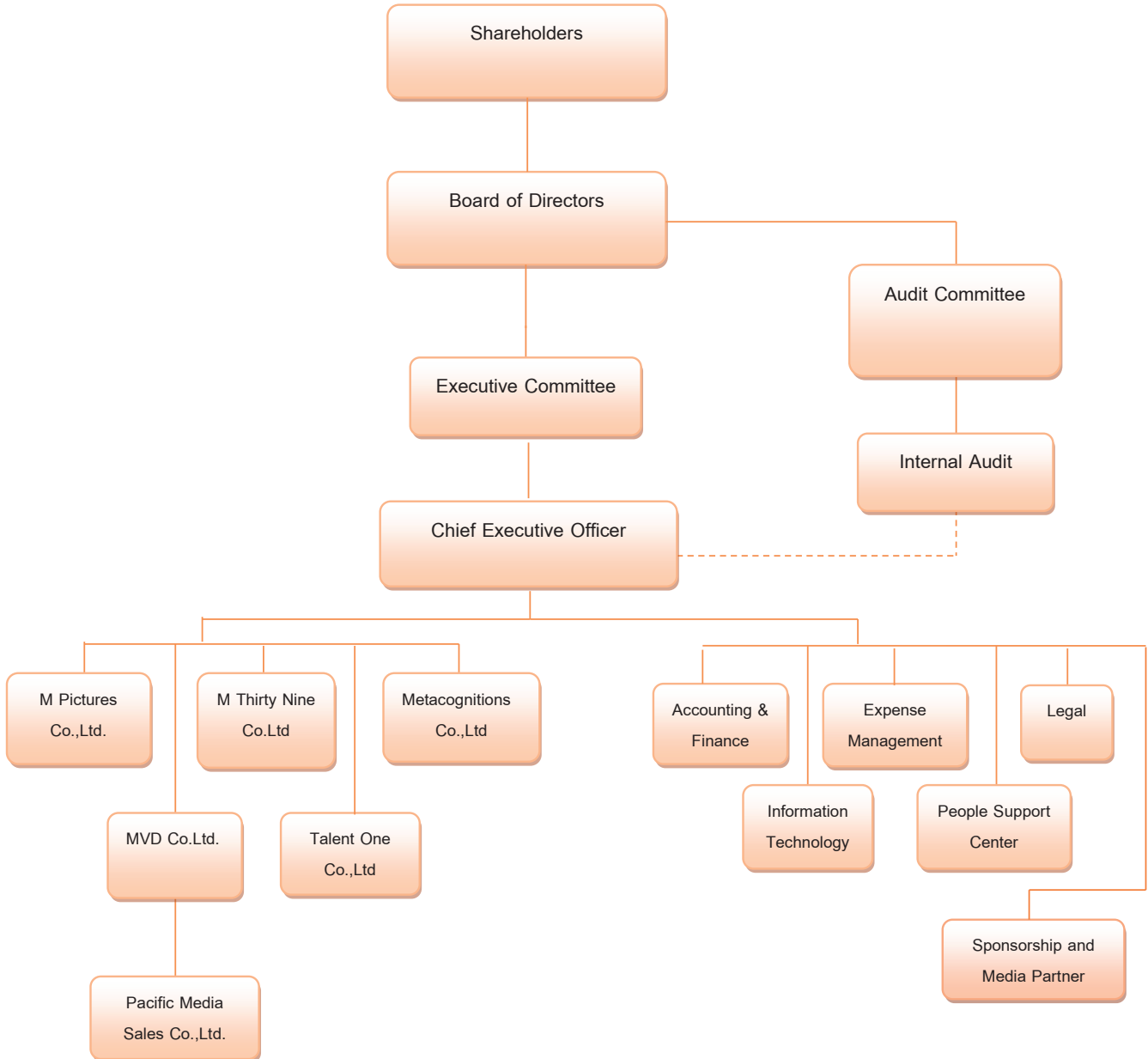
- Directors Certification Program (DCP148/2011), Thai Institute of Director (IOD)

Experience:

- Present : Director, M Picture Entertainment Plc.
: Chief Finance Officer, Company Secretary, Major Cineplex Group Plc.
: Director, Siam Future Development Plc.
: Director, CJ Major Entertainment Co.,Ltd.
- 1991-2009 : Accounting Manager, Wiik & Hoeglund Public Co., Ltd.

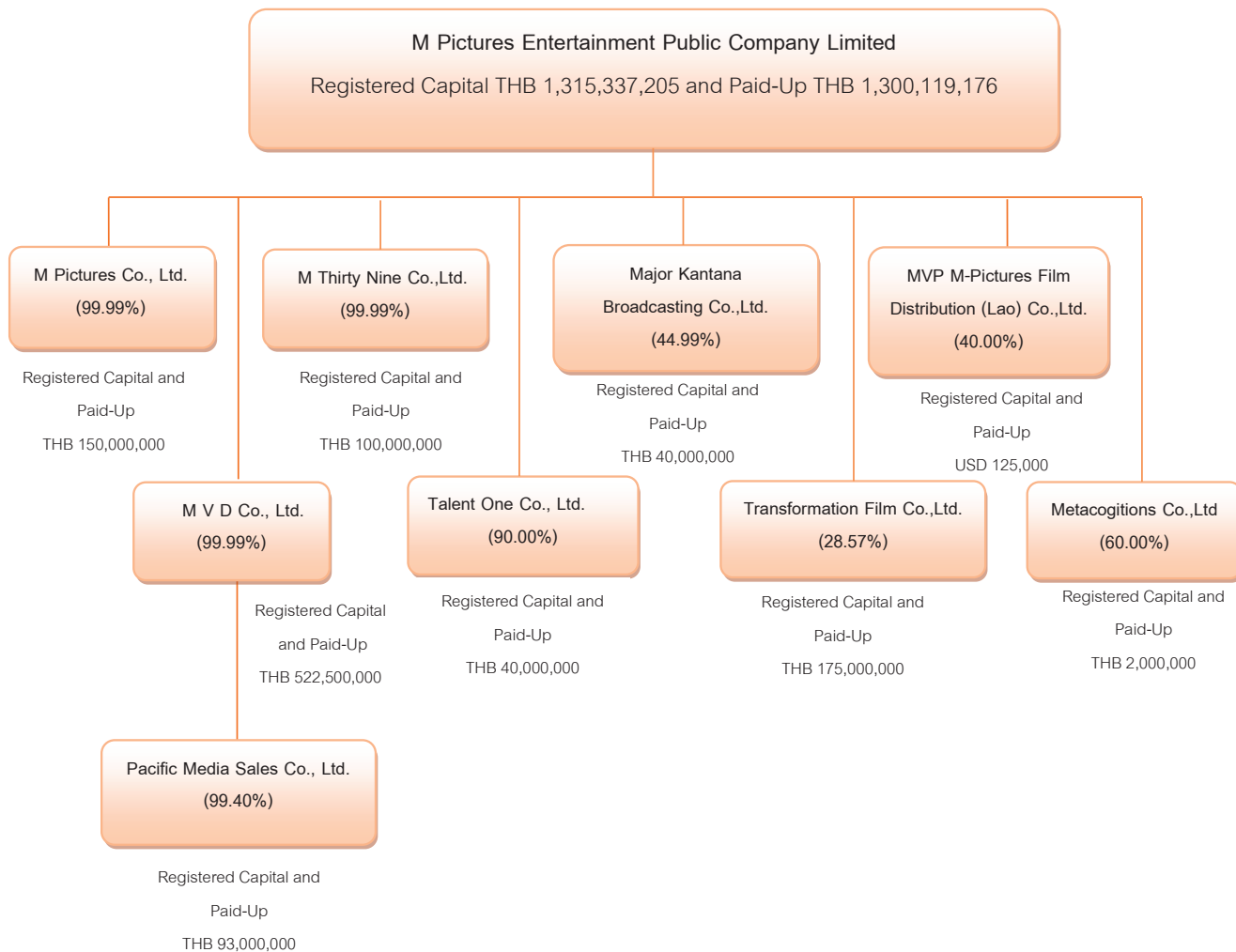
Organization Chart

As of December 31, 2017



Shareholding Structure

As of December 31, 2017



Profiles of Company and Subsidiaries

1. 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, Rachayothin Road, Ladyao, Jatuchak, Bangkok
Branch	N/A
Website	www.mpictures.co.th/mpic/investors
Telephone	02-5120300
Facsimile	02-5120301, 02-5120302
Authorized capital	Ordinary Share 1,315,337,205 Shares Paid-Up THB 1,300,119,176

2. 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 service to Cinemas and license to home entertainment media manufacture.
Head Office Location	234 Suzuki Avenue Building (Rachayothin) 13th Floor, Rachayothin Road, Ladyao, Jatuchak, Bangkok
Website	www.mpictures.co.th
Telephone	02-5120300
Facsimile	02-5120301, 02-5120302
Authorized capital	Ordinary Share 1,500,000 Shares and Paid-Up.

3. M V D Co.,Ltd. (MVD)

Nature of Business	Provide film copyrights both international and Thai films to home entertainment media manufacture.
Head Office Location	234 Suzuki Avenue Building (Rachayothin) 13th Floor, Rachayothin Road, Ladyao, Jatuchak, Bangkok
Website	www.mvd.co.th
Telephone	02-5120300
Facsimile	02-5120301, 02-5120302
Authorized capital	Ordinary Share 52,250,000 Shares and Paid-Up

4. M Thirty Nine Co.,Ltd. (M39)

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

5. 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	Ordinary Share 930,000 Shares and Paid-Up.

6. Talent 1 Co., Ltd. (T1)

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

7. Metacognitions Co., Ltd. (MTC)

Nature of Business	Media Advertising Agency
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	Ordinary Share 20,000 Shares and Paid-Up.

8. Major Kantana Broadcasting Co.,Ltd. (M Channel)

Nature of Business	Operating cable Television business, which purchasing foreign films, provides through M Channel
Head Office Location	991 Paragon Shopping Mall Building, 5-6 th floor, Rama 1 Rd., Pathumwan Sub-district, Pathumwan district, Bangkok.
Telephone	02-1294638
Facsimile	02-1294638
Authorized capital	Ordinary Share 4,000,000 Shares and Paid-Up.

9. Transformation films Co.,Ltd. (TF)

Nature of Business	Thai film studio
Head Office Location	6, Soi Nak Niwat 12, Nak Niwat Road, Lat Phrao , Lat Phrao, Bangkok
Telephone	02-9325600
Facsimile	02-9325600
Authorized capital	Ordinary Share 1,750,000 Shares and Paid-Up.

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

Nature of Business	Films distribution company in Lao PDR.
Head Office Location	4th Floor, Vientiane Centre Shopping Mall ,No 13,Kouvieng Road, Nongchan Village, Sisatannak District, Vientiane Capital, Lao People's Democratic Republic
Telephone	856-21 520451
Facsimile	856-21 222262
Authorized capital	Ordinary Share 100,000 Shares

References
Share Registrar Thailand Securities Depository Co., Ltd.

Office Location	93, Ratchadaphisek Road, Din Daeng Sub-district, Din Daeng District, Bangkok 10400
Telephone	02-009-9999
Facsimile	02-009-9991

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 has invested in Thai film production through the Company's subsidiaries since 2011. As of December 31, 2016, there is THB 1,315,337,205 of registered capital and THB 1,300,119,176 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 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.

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 at that time.

In 2014, the Company increased the registered capital by Right Offering to the existing shareholders for supporting business in the group. 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.

In 2015, the company has joint invested with MVP Entertainment Pte. (Singapore) in portion of 40 % of the share established MVP M-PICTURES Film Distribution (Lao) Co., Ltd. aims to distribute films' rights in Lao RPD. (Registered capital LAK 1,000,000,000 or 125,000 USD approximately)

In 2016, the company has joint invested in Metacogitions Co.,Ltd. Media advertising agency , in portion of 60%, to support movie in the group.

In 2017, the company has focused on Thai films production business. Moreover, the company has more invested in MVD Co.,Ltd. in amount of 32,250,000 ordinary shares at par value 10 Baht per share (the company holds 52,249,995 ordinary shares or 522,499,950 baht).

Presently, the Company has investment in 9 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. Talent One Co., Ltd. (Invested in Year 2013)
6. Major Kantana Co., Ltd. (Invested in Year 2013)
7. Transformation Films Co., Ltd. (Invested in Year 2014)
8. MVP M-PICTURES Film Distribution (Lao) Co., Ltd (Invested in Year 2015)
9. Metacogitions Co.,Ltd. (Invested in Year 2016)

Remarks * MVD's subsidiaries.

Nature of Business

M Pictures Entertainment Plc.

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

Products/Services

No.	Company	Categories of Products and Services	Channels
1.	M Pictures Entertainment Plc.	Engages business of providing and buying Asian & International (European, America) film copyrights and invests in home entertainment media business and Thai films Production.	Through subsidiaries
2.	M Pictures Co.,Ltd.	Provides and buys Thai' films and International (Asian, European and American) films copyrights from well-known studio and produces Thai films as production studio.	Theatrical and non-theatrical Channel.
3.	M V D Co.,Ltd.	Provides and buys Thai and international film copyrights for home entertainment media (VCD,DVD and Blu-ray)	Home entertainment media
4.	Pacific Media Sales Co.,Ltd.	Distributes and rental service of Movie VCD, Series, Varieties, Songs, and Games	Through agents and VDO rentals
5.	M Thirty Nine Co.,Ltd.	Thai Films Production studio	Theatrical and non-theatrical Channel.
6.	Talent 1 Co.,Ltd.	Book publisher and Thai film production studio	Book store and Theatrical and non-theatrical Channel.
7.	Transformation Films Co.,Ltd.	Thai Film Production Studio	Theatrical and non-theatrical Channel
8.	Major Kantana Broadcasting Co.,Ltd.	Cable T.V. and Satellite T.V.	Via M Channel

No.	Company	Categories of Products and Services	Channels
9.	MVP M-Pictures Film Distribution (Lao) Co.,Ltd.	Films' distribution company in Lao	Theatrical and non-theatrical Channel
10.	Metacognitions Co.,Ltd.	Advertising Agency	Online and Offline

Marketing and Competitive Condition

Marketing Policy and Making Strategy

Marketing Strategies

- **Strategy on movie quality**

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

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

The Group is currently an operator of a full-fledged movie business, ranging from providing of Thai and international movie rights, Thai film production of movies on VCD, DVD and Blu-Ray discs. Its copyright films could be distributed and/or released extensively via different channels due to a strong relationship of the Company with Major Cineplex Group Plc., its parent company and Thailand's leading cinema operator with a network of movie theaters in all parts of the country. Moreover, the Company always finds new business partnership. This somewhat fully integrated business partnership gives the Company an edge over other players operating a similar type of business.

- **Strategy on consumers' preference**

Since consumers have become more selective about the type of movies they prefer watching, the Company needs to adjust itself to address the said changing consumer behavior. Realizing that moviegoers' personal taste is a crucial factor that could affect its performance, the Company must find movies that match the taste of all consumer segments and age groups

and must also acquire films and produce Thai movies in alignment with the festive seasons in order to stimulate the movie consumption in Thailand.

Group of Target

- All kinds and ages of Customers.
- Cinema.
- Free TV, Cable TV, Pay TV, Pay Digital TV. IPTV, Video on demand
- 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, manufacturing VCDs, DVDs and Blu-Rays. It also is a subsidiary of Major Cineplex Group Plc., Thailand's leading cinema operator with theater locations all over the country. This strength enables the Company to grow strongly and in pace with other players and gives it an opportunity to efficiently manage group businesses and internal resources for an optimum benefit. With intra-group support services such as advertising media, theater network, etc., the Company is capable of better responding to consumers' demand, as well as continuously expanding its customer base, while the Group's movie media could increasingly draw consumer interest.

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

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 world such as world-class Hollywood-based studio, Asia-based studio, independent studio, and studio in Thailand. A member of the Group produces Thai movies for theatrical release and another member produces movies on VCD, DVD and Blu-Ray and sells rights for those movie releases on free TV, cable TV, digital TV and Video on demand, which could address customers' need for viewing movies on diverse kinds of media.

M Pictures Co.,Ltd.

Engages film business by producing Thai film and acquiring international and Thai film rights for showing through Cinema and licensing film rights on remuneration basis to home entertainment manufacturer, Free TV, Cable TV, Pay TV and Video on Demand.

- **Products/Services**

Produces Thai films, provides and acquires quality film copyrights from Europe, America, Asia, and Thai in order to manage such films' rights by showing and distributing them through direct and indirect such as cinema, home entertainment media, Free TV, Cable TV and Video on Demand.

- **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 studio. 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:

Theatrical release; 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 cinema.

Marketing Planning; the Company plans to promote and advertise the Company's films which will present in Cinema for focusing on target group of viewers.

Home entertainment Business; the Company licenses film rights to the big home entertainment media manufacturer to make into DVD, VCD, and Blu-Ray for distribution.

Pay TV broadcast business; the Company licenses film rights to Pay TV, and Cable TV, the big and popular channels such as TRUE Vision, M Channels

Free TV broadcast business; the Company licenses film rights to Free TV and Free Cable TV such as Channel 7 and MONO channel.

Internet, Video on demand business; the Company permits film copyrights to Internet IPTV and Video on demand such as iTunes, Google play, HOOQ.

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

- **Customer**

Direct customers of the Company are Cinema, Home Entertainment Manufactures, Pay TV, Digital TV, Cable TV, Free 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 VCD, DVD, and Blu-Ray from Foreign countries, Independent Studio from M Pictures Co.,Ltd. , Mono Films Co.,Ltd. and Thai films from M Thirty Nine Co.,Ltd. Talent One Co.,Ltd. and Transformation Films Co., Ltd. including other Thai independent film studio.

- **Products/Services**

Provide quality Thai and international films to make into DVD, VCD, and Blu-Ray format to 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, Boomerang, etc. and has endeavored to increase the distribution channels such as Lazada and Tarad.com to ensure a broader consumer reach.

- **Competitive Potential**

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

M Thirty Nine Co.,Ltd.

Core business as Thai film production for showing through Cinema and licensing film copyrights on consideration basis to home entertainment manufacturers to produce VCD, DVD, and Blu-Ray and also to increase business channels by broadcasting the Company's films through Free TV, Cable TV, and Digital media.

- **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 2017, there were successful movies such as "Slumboy-Soi-Teed".

- **Marketing Strategies**

Consumers have become more selective about the movies of their preference and paid greater attention to Thai movies. The Company has planed marketing and advertising strategies with proper timing for releasing its movies to best match consumers' preference.

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 from support services and movie advertising.

- **Competitive Potential**

There are a growing number of Thai film 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.

Talent One Co.,Ltd

Core business as Thai film production for showing through Cinema and licensing film copyrights on consideration basis to home entertainment manufacturers to produce VCD, DVD, and Blu-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 and TV series production business and book publisher. By the year 2017 the company has released 3 Thai Films; The Moment, You and Me XXX and #BKKY.

- **Marketing Strategies**

Consumers have become more selective about the movies therefore the company focuses on development of the screenplay and consumers' interest to match with their taste.

- **Competitive Potential**

There are a growing number of Thai films productions. Talent One Co., Ltd. is a Thai film production studio with a strong determination and best effort in order to remain competitive with other studio. 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 and its business is affected from recession of home entertainment business.

- **Marketing Strategy;** fashionable advertising according to social trend with expert crew.
- **Competitive Potential;** Advertising Agency is high competition. However, the operation result of the company was satisfied because the company has expert crews.

MVP M-Pictures Film Distribution (Laos) Co.,Ltd

Engages film business by acquiring international and Thai film rights for showing through Cinema and licensing film rights on remuneration basis in Lao People's Democratic Republic.

- **Products/Services**

Provides and acquires quality film copyrights from Thai and Foreign Countries in order to manage such films' rights by showing and distributing them through direct and indirect.

- **Marketing Strategies**

MVP M-Pictures Film Distribution (Laos) Co.,Ltd. emphasizes the acquisition of rights for quality movies from abroad. 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:

Theatrical release; the company has agreements which distribute revenue Lao People's Democratic Republic.

Marketing Planning; the Company plans to promote and advertise the Company's films which will present in Cinema for focusing on target group of viewers.

All above sources of income are major income of MVP M-Pictures Film Distribution (Laos) Co.,Ltd. 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., distributes Thai and foreign movie copyrights, has had a strong capital base. Besides, competition in this business is not tough because there are a small number of players and each of them have owned target. There is no concern about competition with other peers.

Risk Factors

Risk Regarding Operation Results Depending on the Film Market Industry

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

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

Risk Regarding Consumers' Tastes

The Company carries on the business of producing Thai films and acquiring both Thai and foreign film rights 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 E-San Love Story, Mr. Hurt, Atomic Blonde, Overdrive and Silent Voice.

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 rights. 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 rights 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 2017 had not much effect on the Company though, there are a small number of operators of business in the same category and of the same size as those of the Company. However, a significant factor that affects this business results from a change in the behavior of consumers who become more selective about movies to be viewed. This problem therefore requires that the Company adjust itself to accommodate this change in the consumers' behavior by acquiring films and producing Thai films that respond more to the consumers' needs so as to keep the continuous growth of its revenues. In addition, since the Company has strong connections with a large company that is the biggest owner of theaters in Thailand, it has a channel to publish the films produced by the Group and those in which the copyrights have been purchased. This advantage is deemed a significant strong point of the Company when compared to its business competitors.

In the previous year of 2017, regarding the acquisition of film rights and the production of Thai films by the Company, the films distributed by the Company became successful because they could respond well to the consumers' needs. Moreover, the Company planned its marketing strategies carefully and planned to expand its customer base by selecting films of greater quality and with more variety. In addition, for adding value of our Thai film rights, the Company has distributed to international channel.

Risk from Copyright Infringements

The spread of pirated goods and internet infringement are important problems that impair the growth of the motion picture business in Thailand a lot. Manufacturers and distributors of proper copyrights in Thailand have suffered impacts from these problems continuously. The Group, which conducts the business of distributing licenses and producing films for theater shows as well as manufacturing and distributing film media, that is, DVD, VCD and Blu-ray, that are regarded as a main channel of revenues of the Company, will also suffer this impact, which results in a risk in terms of revenues or operation results that the Company ought to receive as a result of its investment in those film rights.

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

Risk from a major shareholder holding more than 75%

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

Risk from having minor shareholder less than 15%

As of 31 December 2017, paid up ordinary shares of the Company in amount of 92.46% was hold by a major shareholder and 7.54 was hold by other shareholders which affecting the volume of trade in the stock exchange hence the shareholders and investors could not trade in the time he/she desires. Moreover, the Company has minor shareholder less than 15% affecting the status of company listing in SET which the Company have been concerned and try to resolve the regard as soon as possible.

Corporate Governance

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

1. Setting the Corporate Governance Policy

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

2. Rights and Equality of Shareholders

The Company recognizes the significance of shareholder's rights in accessing information on the Company, through its policy of providing clear information that is transparent, accurate, and fair. In this connection, the Company submits news and information on its performance results, investment in various projects, as well as company and groups transactions on a regular and timely basis. Shareholders are entitled to receive such Company information on fair and equal basis, and are entitled to attend the meetings, vote, and express their opinions during the shareholders' meeting (as per details in Article 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 has partnered with Major Care Foundation in activities for the benefit of society.

4. The Shareholders' Meeting

The Company schedules a General Shareholders' Meeting once a year, not longer than 4 months after the Company's fiscal year end date. In 2017, the Company held the Annual General Shareholders' meeting on 7 April 2017, 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 Poolvaraluk

Mr. Thanachai Santichaikul

Mr. Attapon Chodchoy

Mr. Vachara Tuntariyanond

Ms. Thitapat Issarapompat

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 2017, there were 9 directors in the Company as follows:

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

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

9. Combining/Separating of Positions

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

- **Mr. Tirachai Vutithum**, Chairman of the Board of Directors, is responsible as the Head of the Company's Board of Directors, and acts as the Chairman of the Company's Board of Directors' meetings. Whenever, the Company holds a shareholders' meeting, the Chairman of the Board of Directors will assign the Deputy Chairman of Board of Directors, or Chairman of the Management Committee, or Chairman of the Executive Committee to serve as the Chairman of the meeting on his behalf if he is required to perform his duties overseas during that time.
- **Mr. Thanakorn Puriwekin** 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 2017, the Company held 4 Board of Directors' meetings. The Company prepares the meeting invitation, the meeting agenda, together with supporting documents at least 7 days prior to each meeting. The proper timing allocated for the various meeting agendas will be set by the Board of Directors, and an officer will be responsible for recording of the minutes of the meeting, and seriously implementing the meeting resolution, as well as following up, and filing of the previous minutes which have been endorsed by the Board of Directors, ready for review to be undertaken by the Board of Directors and related parties.

12. The Committees

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

13. Internal Control and Audit Policy

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

14. Board of directors' Report

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

with the Stock Exchange regulations, obligations to outside parties, and other relevant rules and regulations, including the selection and proposal to appoint and offer remuneration of the auditor.

15. Investor Relations

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

16. Overseeing Usage of Internal Information

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

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

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15. Investor Relations

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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.1/2018 hold on February 14, 2018 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

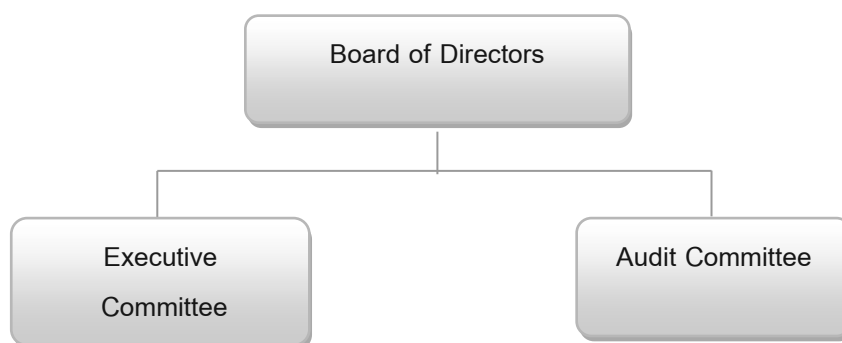
The Company frequently compares business targets of the Company with operation results, and makes report to the Board of Directors. Moreover, the Company provides the internal auditing which will directly report to the Audit Committee.

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 2017 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, 2017, 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 of Director	April 7, 2017
2	Mr. Vicha Poolvaraluk	Director/Vice Chairman of the Board of Director	April 20, 2016
3.	Mr. Thanakorn Puriwekin	Director/Chief Executive Officer	April 21,2015
4	Mr. Thanachai Santichaikul	Independent Director/Chairman of the Audit Committee	April 20, 2016
5	Mr. Attapon Chodchoy	Independent Director/ Audit Committee	April 21,2015
6.	Mr. Vachara Tuntariyanond	Independent Director/Audit Committee	April 7, 2017
7	Ms. Thiatpat Issapornpat	Director	April 7, 2017
8	Mr. Verawat Ongwasith*	Director	April 20, 2016
9	Mr. Apichart Kongchai**	Director	August 9,2017
10	Mr. Apirak Varachanonth**	Director	August 9,2017

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

*Remark * Mr.Verawat Ongvasith has resigned from director of the Company since 31 July 2017*

*** Mr. Apichart Kongchai and Mr. Apirak Varachanonth have been appointed the members of the BOD of the Company since 9 August 2017*

Directors authorized to sign binding the Company consist of Mr. Vicha Poolvaraluk, Mr. Thanakorn Puriwekin, and Ms. Thitapat Issarapornpat two of these three directors' together sign and affix the Company's seal. From the above Board of Directors' structure, the Company's ratio of non-executive (including 4 independent directors) to executive directors is 6 to 3 which has 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 2017, 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. Vachara Tuntariyanond 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. Vachara Tuntariyanond Independent Director/Audit Committee
Undergone training programs: Director Certification Program (DCP)

Audit Committee Program (ACP)
 Monitoring Fraud Risk Management (MFM)
 Monitoring the Quality of Financial Reporting (MFR)
 Monitoring the System of Internal Control and Risk Management (MIR)
 Monitoring the Internal Audit Function (MIA)

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 2017, the Company's Executive Committee was consisted of 3 persons as below:

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

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 2017, Executive team of Group of Companies consists of 6 executives as follows:

- | | |
|----------------------------------|---------------------------------------|
| 1. Mr. Thanakorn Puriwekin | Chief Executive Officer. |
| 2. Mr. Pornchai Wongsriudomporn | Executive of M Pictures Co., Ltd. |
| 3. Mr. Thep Anuttassanakul | Executive of MVD Co., Ltd. |
| 4. Mrs. Jantima Liawsirikun | Executive of M Thirty Nine Co., Ltd. |
| 5. Ms. Laddawan Rattanadilokchai | Executive of Talent One Co., Ltd. |
| 6. Mr. Kan Thanayapraneekul | Executive of Metacognitions 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 2017, the following meetings were hold:

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

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

No	Name	Board Meeting	AC Meeting	AGM
1	Mr. Tirachai Vutithum	3/4	-	Attended
2	Mr. Vicha Poolvaraluk	4/4	-	Attended
3	Mr. Thanakorn Puriwekin	3/4	-	Attended
4	Mr. Thanachai Santichaikul	4/4	4/4	Attended
5	Mr. Attapon Chodchoy	4/4	4/4	Attended
6	Ms. Thitapat Issarapornpat	4/4	-	Attended
7	Mr. Verawat Ongvasith*	1/2	-	Attended
8	Mr. Vachara Tuntariyanond	3/4	4/4	Attended
9	Mr. Apichart Kongchai**	1/1	-	-
10	Mr. Apirak Varachanoth**	1/1	-	-

Remark * Mr.Verawat Ongvasith has resigned from director of the Company since 31 July 2017

** Mr. Apichart Kongchai and Mr. Apirak Varachanoth have been appointed the members of the BOD of the Company since 9 August 2017

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 Executives and Staff Cost

Remuneration of the Board of Directors Executives and Staff Cost

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. In 2017, the remuneration was paid as detailed below:

Monetary Compensation

The remunerations of 10 Board of Directors totaled 1,527,000 baht in the form of remuneration and meeting allowances:

No.	Names of the Board of Directors	Amount (Baht)
1	Mr.Tirachai Vutithum	202,000
2	Mr.Vicha Poolvaraluk	190,000
3	Mr.Thanakorn Puriwekin	176,000
4	Mr.Thanachai Santichaikul	282,000
5	Mr.Attapon Chodchoy	192,000
6	Mr.Vachara Tuntariyanond	184,000
7	Ms.Thitapat Issarapornpat	192,000
8	Mr.Verawat Ongvasith*	43,000
9	Mr. Apichart Kongchai**	33,000
10	Mr. Apirak Varachanoth**	33,000

Non-monetary: None

Remark * Mr.Verawat Ongvasith has resigned from director of the Company since 31 July 2017

** Mr. Apichart Kongchai and Mr. Apirak Varachanoth have been appointed the members of the BOD of the Company since 9 August 2017

The Other Remuneration

N/A

Staff

As of December 31, 2017, there are 84 employees in the Company and subsidiaries as detailed follows;

Description	Amount [Employees]
1. Executives and Employees of M Pictures Entertainment Plc.	23
2. Executives and Employees of M Pictures Co.,Ltd.	30
3. Executives and Employees of M V D Co.,Ltd.	6
4. Executives and Employees of M Thirty Nine Co.,Ltd.	11
5. Executives and Employees of Talent 1 Co.,Ltd.	4
6. Executives and Employees of Pacific Media Sales Co.,Ltd.	-
7. Executives and Employees of Metacognitions Co.,Ltd	10
Total	84

As at end of 2017, total remuneration featuring with salary, providence fund and other welfares of all executives and employees of the Company and subsidiaries is approximately THB 64.56 million.

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 4,290,000 baht.

Company	Audit Fee (baht)
M Pictures Entertainment Plc.	2,330,000
M Pictures Co., Ltd.	480,000
MVD Co., Ltd.	300,000
Pacific Media Sales Co., Ltd.	70,000
M Thirty Nine Co., Ltd.	525,000
Talent One Co.,Ltd	250,000
Major Kantana Broadcasting Co., Ltd.	275,000
Metacognitions Co., Ltd.	60,000
Total	4,290,000

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 January 31, 2018)

	Number of Shares	Percentage (%)
1. Major Cineplex Group Plc.	1,202,130,480	92.46
2. Mrs. Pornapat Ongvasith	15,407,000	1.19
3. Mr. Varut Tantipiphob	11,392,200	0.88
4. Ms. Sasithorn Ake-Attasit	7,680,000	0.59
5. Ms. Pranee Chuachetton	7,772,000	0.52
6. Ms. Supitsara Chatkul na Ayuttaya	6,689,900	0.51
7. Mr. Chairat Saetung	5,410,000	0.42
8. Mrs. Surang Preampri	5,000,000	0.38
9. Mrs.Poonatree Sawangwongsakul	4,996,800	0.38
10. Mr. Pattanachai Saisawangphan	1,890,000	0.15

Related Transaction

Related Transaction occurring in 2016 (Please Consider together with the note on 2016 financial statement)

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.	92.46% direct holding	Revenue				
		1. Theatrical sharing revenue	48.55	Revenue sharing from theatrical release. This is a normal transaction.		
		2. Advertising	2.32	This is a normal transaction.		
		Expense				
		1. Rental, services and utilities fee	2.29	Rental space and services for company's office.		
		2. Theatrical Services	0.39	This is a normal transaction.		
		3. Advertising expense	2.48	This is a normal transaction.		
		4. Others expense	0.28	This is a normal transaction.		
		Accounts receivable	0.56	This is a normal transaction.		
		Accrued income	0.78	This is a normal transaction.		
		Deposit	1.25	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. Film rights	0.45	This is a normal transaction.
2. Advertising	0.24			This is a normal transaction.		
3. Revenue from services	0.48			This is a normal transaction.		
Expense						
1. Advertising expense	0.38			This is a normal transaction.		
Accounts receivable	0.28			This is a normal transaction.		
Other receivables	0.05			This is a normal transaction.		
Accounts payable	0.50			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	Revenue				
		1. Sale of goods	5.14	This is a normal transaction.		
		2. Revenue from services	0.24	This is a normal transaction.		
		3. Interest Income	0.18	Interest rate 2.98% and 4.12% per year. This is a normal transaction.		
		Expense				
		1. Advertising expense	18.95	This is a normal transaction.		
		Accrued income	4.74	This is a normal transaction		
		Other receivables	0.01	This is a normal transaction		
		Accounts payable	18.51	This is a normal transaction		
		MVP M-Pictures Film Distribution (Loas) Co.,Ltd.	Joint ventures with 40.00 % holding	Revenue		
1. Sale of goods	4.01			This is a normal transaction.		
Accounts receivable	1.61			This is a normal transaction		
EGV Entertainment Plc.	Associate with Major Cineplex Group Plc.	Revenue				
		1. Theatrical sharing revenue	8.99	Revenue sharing from theatrical release. This is a normal transaction.		
		2. Sale of goods	2.60	This is a normal transaction.		
		Expense				
		1. Theatrical Services	0.11	This is a normal transaction.		
		2. Advertising	0.02	This is a normal transaction		
		Accounts receivable	0.06	This is a normal transaction.		
		Accrued income	0.13	This is a normal transaction.		
		Siam Cineplex Co.,Ltd.	Associate with Major Cineplex Group Plc.	Revenue		
				1 Theatrical sharing revenue	5.45	Revenue sharing from theatrical release. This is a normal transaction.
Expense						
1. Theatrical Services	0.02			This is a normal transaction.		
2. Advertising expense	0.02			This is a normal transaction.		
Accounts receivable	0.10			This is a normal transaction.		
Accrued income	0.44			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	74.00	Advertising income from theatrical media. This is a normal transaction.
		2. Sale of goods	1.05	This is a normal transaction.
Major Bowl Group Co.,Ltd	Associate with Major Cineplex Group Plc.	Expense		
		1. Advertising	0.16	This is a normal transaction.
		2. Other expense	0.01	This is a normal transaction.
		Accounts payable	0.12	This is a normal transaction.
CJ Major Entertainment Co.,Ltd	Associate with Major Cineplex Group Plc.	Revenue		
		1. Sale of goods	0.50	This is a normal transaction.

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 31,2017	December 31,2016	December 31, 2015	Percentage of Change	
				2017-2016	2016-2015
Total Assets	683	959	960	(28.8)	(0.1)
Total Liabilities	154	266	184	(42.2)	45.6
Shareholder Equity	529	693	777	(23.6)	(10.8)
Registered Capital	1,315	1,315	1,315	-	-
Paid-Up Capital	1,300	1,300	1,300	-	-
Total revenues	366	496	550	(26.3)	(9.8)
Total Expenses	529	581	653	(9.0)	(11.0)
Net Profit (Loss)	(163)	(85)	(103)	(91.4)	(17.5)
Earning (Loss) per share (Baht)	(0.12)	(0.06)	(0.08)	(100.0)	(25.0)

Financial Ratio

Financial Statement Information	December 31, 2017	December 31, 2016	December 31, 2015
Return on Total Revenue [%]	(44.6)	(17.1)	(19.0)
Return on Shareholder's Equity [%]	(30.8)	(12.3)	(12.5)
Return on Total Assets [%]	(23.9)	(8.9)	(8.8)
Debt to Equity Ratio [times]	0.29	0.38	0.24
Book Value per Share [Baht]	0.41	0.53	0.60

Management Discussion and Analysis Year 2017

Operation results of the Company and subsidiaries

The Group generated loss in 2017 and 2016 in amount of THB 163.27 million and THB 85.31 million respectively.

Total revenues were recorded at Baht 365.68 million, main revenue in amount of Baht 0.72 million from management fee, Baht 112.38 million from film rights distribution, Baht 148.81 million from film, Baht 12.91 million from selling VCDs and DVDs, Baht 0.44 million from selling pocket book and Baht 88.33 million from advertising, representing 0.20%, 30.73%, 40.70%, 3.53%, 0.12% and 24.16% of total revenues respectively. Compared with 2016, the total revenues decreased about 25.63%.

Total expenses became lower about 8.33% from Baht 577.03 million in 2016 to Baht 528.95 million in 2017 because Costs of production and services decreased from Baht 278.33 million to Bath 228.52 million or 17.90% and selling and administrative expenses decreased from Baht 303.07 million to Baht 300.43 million or 3.93%.

Revenues

The Group's total revenues in 2017 decreased about Baht 126.03 million or 25.63% 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	
	2017	2016	Amount	%	2017	2016
Management fee	0.72	0.48	0.24	50.00	0.20%	0.10%
Film rights	112.38	151.66	(39.28)	(25.90)	30.73%	30.84%
Film production	148.81	201.56	(52.74)	(26.17)	40.70%	40.99%
VCD-DVD	12.91	85.71	(72.81)	(84.94)	3.53%	17.43%
Sale pocket book	0.44	4.69	(4.25)	(90.61)	0.12%	0.95%
Advertising	88.33	41.11	47.22	114.87	24.16%	8.36%
Other Revenue	2.09	6.51	(4.42)	(67.86)	0.57%	1.32%
Total Revenue	365.68	491.72	(126.03)	(25.63)	100.00%	100.00%

Film rights Distribution has decreased in revenues by Baht 39.28 million or 25.90 % because the movies released in theaters in 2017 could generate revenue less than in 2016.

Film production business; the revenues increased by Baht 52.74 million or 26.17% because the year 2016, films made high revenue comparing by 2015 especially Thai Movie “Jazz 4G” generated the highest box office at Bath 152.80 million.

VCD and DVD distribution business recorded decrease from 2016 of Baht 78.80 million or 84.94% in revenues due to in 2016 the Group has produced and sold VCDs and DVDs less than 2015

Advertising revenues in 2016 recorded increase of Baht 47.22 million or 114.87% because in the year 2017, we had more advertising areas in international and Thai films comparing by 2016.

Costs of Production and Services and Gross Profit Margin

The Group's costs of production and services decreased from 2016 about Baht 49.81 million or 17.90% because of the decrease of production and distribution in home entertainment sector which connected with lower revenue.

Selling and Administrative Expenses

Selling and administrative expenses became lower which comparing Year 2016 at Baht 303.07 million with Year 2017 at Baht 300.43 Million or decreasing at Baht 12.64 Million (0.87%) caused by reducing costs of administration of the Group.

Financial Result of the Company and Group

Asset

As of December 31, 2017, the Group had total assets of Baht 683.44 million, downed from December 31, 2016 of Baht 275.89 million or about 28.76%. The assets were composed of the following items:

(Unit: Million Baht)

Assets	December 31		Increase (decrease)		% of total asset	
	2017	2016	Amount	%	2017	2016
Cash and cash equivalent	73.55	133.23	(59.68)	(44.79)	10.76%	13.89%
Accounts receivable - net	140.15	272.03	(131.88)	(48.48)	20.51%	28.36%
Short term loan to related company	5.00	8.00	(3.00)	(37.50)	0.73%	0.83%
Inventory - net	2.58	4.97	(2.39)	(48.09)	0.38%	0.52%
Film on Production	178.36	221.09	(42.73)	(19.33)	26.10%	23.05%
Other current assets	28.47	51.50	(23.03)	(44.72)	4.17%	5.37%
Investments in joint venture - net	34.17	36.16	(1.99)	(5.50)	5.00%	3.77%
Building and equipment - net	11.39	15.90	(4.51)	(28.37)	1.67%	1.66%
Goodwill - net	139.14	139.14	-	-	20.36%	14.50%
Computer program - net	0.42	0.58	(0.16)	(27.59)	0.06%	0.06%
Film rights - net	54.15	65.62	(11.47)	(17.48)	7.92%	6.84%
Other non - current assets - net	16.06	11.12	4.94	44.42	2.35%	1.16%
Total Asset	683.44	959.34	(275.90)	(28.76)	100.00%	100.00%

Cash and cash equivalents decreased Baht 59.68 million or 44.79% from December 31, 2016 due to efficient management policy. Moreover, in 2017, the Company liquidity's improved, and partly due to the sale and collection of trade receivables faster which affect the cash and cash equivalents increased

Accounts receivable and other receivables - net decreased Baht 131.88 million or 48.48% from 2017 recorded writing off the bad debt caused by VCD and DVD business at Bath 78.09 Million.

Inventories which the most from VCD and DVD distribution's sector, decreased from December 31, 2017 in amount of Baht 2.39 million or 48.12% caused by decreasing manufacturing VCDs DVDs and sale pocket book.

Films on production decreased in amount of Baht 42.72 million or 19.32% from December 31, 2016 due to the plan of continuous production Thai movies for theatrical release which reflected to higher expense of Film on production.

Film rights - net came down from December 31, 2016 by Baht 11.47 million or 17.47%. Since, the Company has carefully planned and managed film rights which making the value of the film 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	
	2017	2016	Amount	%	2017	2016
Short-Term Loan and OD from Financial Institutes	60.00	106.93	(46.93)	(43.89)	8.78%	11.15%
Account Payable and other payable	81.93	146.16	(64.23)	(43.94)	11.99%	15.24%
Other Current Liabilities	7.06	8.45	(1.39)	(16.45)	1.03%	0.88%
Other Non-Current Liabilities	5.01	5.05	(0.04)	(0.79)	0.73%	0.53%
Total Liabilities	154.00	266.59	(112.58)	(42.23)	22.53%	27.79%
Equity of Shareholders	529.44	692.75	(163.31)	(23.57)	77.47%	72.21%
Total Liabilities and Equity of Shareholders	683.44	959.34	(275.89)	(28.76)	100.00%	100.00%

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, 2017 decreased from 2016 by Baht 46.93 million or 43.89 % due in 2017 the Company use more loan from financial bank for producing Thai Films and Series for support Thai and Foreign Films market.

Accounts payable and other payable December 31, 2017 decreased from December 31, 2016 by Baht 64.24 million or 43.95% for normal transaction of businesses.

Shareholders' equity as of year-end 2017 was at Baht 529.44 million as presented in the consolidated financial statement, decreased from Baht 692.75 million as of end-2016 resulting from revenues of the company generated loss in 2017.

Analysis of Financial Ratios:

Financial Ratios	December 31, 2017	December 31, 2016	December 31, 2015
Current Ratio	2.87	2.65	3.70
Account Receivable Turnover	2.25	1.85	1.73
Average Collection Period	162	196	211
Total Assets Turnover	0.53	0.51	0.50
Total Debt to Equity Ratio	0.29	0.38	0.24

Efficiency Ratios

Total Assets Turnover; the ratio of assets turnover in 2017 was slightly faster than 2015 because there was more income from the operation result in 2017.

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 is the same rate. Nevertheless, the VCD and DVD distribution business grants a collection period to the individual customers in accordance with the usual business norms.

M PICTURES ENTERTAINMENT PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2017

Independent Auditor's Report

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

My opinion

In my opinion, the consolidated financial statements of M Pictures Entertainment Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of income for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

Key audit matters

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

Key audit matter	How my audit addressed the key audit matter
<p>Goodwill impairment assessment</p> <p>Refer to note 4.1 (Critical accounting estimates and assumptions) and note 15 (Intangible assets, net), the Group's goodwill is recognised based on Cash Generating Units (CGUs) in respect of investment in M Pictures Co., Ltd. net of Baht 139.14 million or 20% of total assets.</p> <p>Management tests the impairment of goodwill annually and calculated its recoverable amount by applying value in use. Management has concluded that there is no additional impairment of goodwill in respect of investment in M Pictures Co., Ltd. as at 31 December 2017.</p> <p>I focused this area due to the size of the goodwill balance which was material to the financial statement and because of the fact that management's assessment of the recoverable amount of the Group's CGUs involves significant judgements about the future results of the businesses, the growth rates and the discount rates applied to future cash flow forecasts. Small changes can have a material impact on the assessed recoverable amount and the impairment charge.</p>	<p>I evaluated management's cash flow forecasts of Cash Generating Units (CGUs) and the process by which they were computed, including verifying the mathematical accuracy of the underlying calculations. I also compared them to the latest management approved budgets. I found that the information in those reports used in the recoverable amount calculations were consistent with approved budgets. Management reviewed the key assumptions, which are the growth rate and discount rate.</p> <p>I compared the current year's (2017) actual results with the prior year's (2016) forecast including underlying assumptions to consider whether any forecasts included assumptions that, with hindsight, had been optimistic. I found that the actual performance was consistent with the forecasted performance and prepared using the same assumptions. I also compared the recoverable amount from the valuation report as recently prepared by an independent financial advisor, as at year end whose report dated 5 February 2018 with the goodwill's book value.</p> <p>I also tested these significant assumptions:</p> <ol style="list-style-type: none"> 1. the growth rates used in the cash flow forecasts by comparing them to historical results and economic and industry forecasts, and 2. the discount rate used in the model by assessing the weighted average cost of capital of the Group by comparing it to recent market data. <p>I found, based on my audit work, the key assumptions used by management in relation to the recoverable amount calculations appeared reasonable and appropriate</p>

Other information

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

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers ABAS Ltd.

Sakuna Yamsakul

Certified Public Accountant (Thailand) No. 4906

Bangkok

14 February 2018

M Pictures Entertainment Public Company Limited

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

Unit: Baht

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
Assets					
Current assets					
Cash on hand and cash equivalents	7	73,548,621	133,227,353	20,860,610	86,047,398
Trade accounts receivable and other receivables, net	8	140,145,884	272,026,620	1,776,475	8,027,833
Short-term loans to related parties	28 iv)	5,000,000	8,000,000	547,000,000	788,100,000
Inventories, net	9	2,579,040	4,971,582	-	-
Films under production		178,364,640	221,085,004	-	-
VAT receivables		10,601,986	12,818,866	-	-
Withholding tax deducted at sources		15,864,624	34,613,379	2,011,029	1,437,985
Other current assets	10	2,002,841	4,072,150	44,140	61,373
Total current assets		428,107,636	690,814,954	571,692,254	883,674,589
Non-current assets					
Investments in subsidiaries, net	11	-	-	560,830,105	238,330,105
Investments in joint ventures, net	12	34,171,149	36,161,780	36,313,173	36,313,173
Other long-term investment, net	13	-	-	-	-
Buildings and equipment, net	14	11,391,312	15,896,005	4,465,597	6,095,315
Goodwill, net	15	139,142,506	139,142,506	-	-
Computer program, net	15	421,315	584,777	343,685	478,957
Film rights, net	15	54,153,064	65,619,399	-	-
Deferred tax assets	20	13,731,833	8,650,407	2,766,589	4,428,631
Other non-current assets, net	16	2,325,563	2,466,563	1,263,815	1,263,815
Total non-current assets		255,336,742	268,521,437	605,982,964	286,909,996
Total assets		683,444,378	959,336,391	1,177,675,218	1,170,584,585

The notes on pages 72 to 114 are an integral part of these consolidated and separate financial statements.

M Pictures Entertainment Public Company Limited

STATEMENT OF FINANCIAL POSITION (CONT'D)

As at 31 December 2017

		Unit: Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		31 December	31 December	31 December	31 December
Notes		2017	2016	2017	2016
Liabilities and equity					
Current liabilities					
Bank overdrafts and short-term borrowings					
	from financial institutions	18	60,000,000	106,929,941	-
	Trade accounts and other payables	17	81,928,253	146,165,626	2,285,506
Current portion of liability					
	under finance lease		221,426	205,618	221,426
	Undue output VAT		1,127,749	3,567,316	-
	Provision for sales return		1,945,058	1,945,058	-
	Other current liabilities		3,771,880	2,727,904	278,896
Total current liabilities			148,994,366	261,541,463	2,785,828
Non-current liabilities					
	Liabilities under finance lease		77,548	298,974	77,548
	Employee benefit obligations	19	4,936,321	4,753,139	2,196,682
	Other non-current liabilities		-	-	747,000
Total non-current liabilities			5,013,869	5,052,113	3,021,230
Total liabilities			154,008,235	266,593,576	5,807,058

The notes on pages 72 to 114 are an integral part of these consolidated and separate financial statements.

M Pictures Entertainment Public Company Limited

STATEMENT OF FINANCIAL POSITION (CONT'D)

As at 31 December 2017

Unit: Baht

	Notes	Consolidated financial statements		Separate financial statements	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
Liabilities and equity (Cont'd)					
Equity					
Share capital					
Authorised share capital	21				
1,315.33 million ordinary shares of par Baht 1 each (2016: 1,315.33 million ordinary shares)		<u>1,315,337,205</u>	<u>1,315,337,205</u>	<u>1,315,337,205</u>	<u>1,315,337,205</u>
Issued and fully paid-up share capital					
1,300.11 million ordinary shares of par Baht 1 each (2016: 1,300.11 million ordinary shares)		1,300,119,176	1,300,119,176	1,300,119,176	1,300,119,176
Share premium	21	453,981,276	453,981,276	453,981,276	453,981,276
Surplus from business combination under common control		(20,106,431)	(20,106,431)	-	-
Retained earnings (deficits)					
Appropriated - legal reserve	23	3,813,156	3,813,156	3,813,156	3,813,156
Unappropriated		(1,187,694,446)	(1,032,062,101)	(590,583,111)	(598,124,637)
Other components of equity		<u>(777,310)</u>	<u>(740,663)</u>	<u>4,537,663</u>	<u>4,537,663</u>
Equity attributable to owners of the parent		549,335,421	705,004,413	1,171,868,160	1,164,326,634
Non-controlling interests		<u>(19,899,278)</u>	<u>(12,261,598)</u>	-	-
Total equity		<u>529,436,143</u>	<u>692,742,815</u>	<u>1,171,868,160</u>	<u>1,164,326,634</u>
Total liabilities and equity		<u>683,444,378</u>	<u>959,336,391</u>	<u>1,177,675,218</u>	<u>1,170,584,585</u>

The notes on pages 72 to 114 are an integral part of these consolidated and separate financial statements.

M Pictures Entertainment Public Company Limited

STATEMENT OF INCOME

For the year ended 31 December 2017

	Unit: Baht				
	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Revenues					
Management fee income		720,000	480,000	16,320,000	12,480,000
Revenues from films production and film rights distribution		261,185,717	353,221,208	-	-
Sales of VCD and DVD		12,907,150	85,712,661	-	-
Sales of pocket book		440,722	4,691,174	-	-
Advertising income		88,333,553	41,109,498	-	-
Total revenues		363,587,142	485,214,541	16,320,000	12,480,000
Cost of sales and services					
Cost of film production and film rights sold		214,932,576	216,259,273	-	-
Cost of VCD and DVD sold		9,225,194	54,922,490	-	-
Cost of pocket books		261,852	4,266,591	-	-
Cost of advertising		4,097,395	2,882,163	-	-
Total cost of sales and services		228,517,017	278,330,517	-	-
Gross profit		135,070,125	206,884,024	16,320,000	12,480,000
Other income		2,091,379	6,507,046	20,201,968	38,903,116
Selling expenses		(85,944,378)	(104,178,952)	(200,000)	(200,000)
Administrative expenses		(197,641,019)	(191,020,487)	(27,069,885)	(86,373,534)
Loss from impairment of investments in joint venture	12	-	-	-	(4,496,896)
Finance costs	25	(5,140,045)	(2,623,537)	(48,515)	(45,370)
Share of (loss) profit of joint ventures	12	(1,953,984)	4,366,379	-	-
(Loss)profit before income tax		(153,517,922)	(80,065,527)	9,203,568	(39,732,684)
Income tax	26	(9,752,103)	(5,246,022)	(1,662,042)	98,995
(Loss)profit for the year		(163,270,025)	(85,311,549)	7,541,526	(39,633,689)
(Loss)profit attributable to:					
Owners of the parent		(155,632,345)	(82,984,428)	7,541,526	(39,633,689)
Non-controlling interests		(7,637,680)	(2,327,121)	-	-
		(163,270,025)	(85,311,549)	7,541,526	(39,633,689)
(Loss)earnings per share					
	27				
Basic (loss)earnings per share		(0.12)	(0.06)	0.01	(0.03)
Diluted (loss)earnings per share		(0.12)	(0.06)	0.01	(0.03)

The notes on pages 72 to 114 are an integral part of these consolidated and separate financial statements.

M Pictures Entertainment Public Company Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Unit: Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
(Loss)profit for the year	(163,270,025)	(85,311,549)	7,541,526	(39,633,689)
Other comprehensive income				
Items that will be reclassified subsequently to profit or loss				
Currency translation differences	(36,647)	(44,747)	-	-
Other comprehensive income of the year, net of tax	(36,647)	(44,747)	-	-
Total comprehensive (expense)income for the year	<u>(163,306,672)</u>	<u>(85,356,296)</u>	<u>7,541,526</u>	<u>(39,633,689)</u>
Total comprehensive (expense)income attributable to:				
Owners of the parent	(155,668,992)	(83,029,175)	7,541,526	(39,633,689)
Non-controlling interests	(7,637,680)	(2,327,121)	-	-
	<u>(163,306,672)</u>	<u>(85,356,296)</u>	<u>7,541,526</u>	<u>(39,633,689)</u>

The notes on pages 72 to 114 are an integral part of these consolidated and separate financial statements.

M Pictures Entertainment Public Company Limited

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Consolidated financial statements										Unit: Baht	
	Attributable to shareholders of the parent					Other components of equity						
	Issued and fully paid-up share capital	Share premium	Share surplus from business under common control	Legal reserve	Unappropriate deficits	Warrants	parent's ownership interest in subsidiaries	Share of other comprehensive income (expense) of joint venture	Total other component of equity	Non-controlling interests		Total equity
Opening balance as at 1 January 2016	1,300,119,176	453,981,276	(20,106,431)	3,813,156	(949,077,673)	3,870,904	(5,212,261)	(21,318)	(1,362,675)	787,366,829	(10,734,477)	776,632,352
Changes in equity for the year												
Total comprehensive expense for the year	-	-	-	-	(82,984,428)	-	-	(44,747)	(44,747)	(83,029,175)	(2,327,121)	(85,356,296)
Share-based payment	-	-	-	-	-	666,759	-	-	666,759	666,759	-	666,759
Acquisition of investment in subsidiary	-	-	-	-	-	-	-	-	-	-	800,000	800,000
Closing balance as at 31 December 2016	1,300,119,176	453,981,276	(20,106,431)	3,813,156	(1,032,062,101)	4,537,663	(5,212,261)	(66,065)	(740,663)	705,004,413	(12,261,598)	692,742,815
Opening balance as at 1 January 2017	1,300,119,176	453,981,276	(20,106,431)	3,813,156	(1,032,062,101)	4,537,663	(5,212,261)	(66,065)	(740,663)	705,004,413	(12,261,598)	692,742,815
Changes in equity for the year												
Total comprehensive expense for the year	-	-	-	-	(155,632,345)	-	-	(36,647)	(36,647)	(155,668,992)	(7,637,680)	(163,306,672)
Closing balance as at 31 December 2017	1,300,119,176	453,981,276	(20,106,431)	3,813,156	(1,187,694,446)	4,537,663	(5,212,261)	(102,712)	(777,310)	549,335,421	(19,899,278)	529,436,143

The notes on pages 72 to 114 are an integral part of these consolidated and separate financial statements.

M Pictures Entertainment Public Company Limited

STATEMENT OF CHANGES IN EQUITY (CONT'D)

For the year ended 31 December 2017

	Note	Separate financial statements				Total equity	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 2016		1,300,119,176	453,981,276	3,813,156	(558,490,948)	3,870,904	1,203,293,564
Changes in equity for year							
Total comprehensive expense for the year		-	-	-	(39,633,689)	-	(39,633,689)
Share-based payment	22	-	-	-	-	666,759	666,759
Closing balance as at 31 December 2016		1,300,119,176	453,981,276	3,813,156	(598,124,637)	4,537,663	1,164,326,634
Opening balance as at 1 January 2017		1,300,119,176	453,981,276	3,813,156	(598,124,637)	4,537,663	1,164,326,634
Changes in equity for year							
Total comprehensive income for the year		-	-	-	7,541,526	-	7,541,526
Closing balance as at 31 December 2017		1,300,119,176	453,981,276	3,813,156	(590,583,111)	4,537,663	1,171,868,160

The notes on pages 72 to 114 are an integral part of these consolidated and separate financial statements.

M Pictures Entertainment Public Company Limited

STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Notes	Unit: Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Cash flows from operating activities					
(Loss)profit before income tax		(153,517,922)	(80,065,527)	9,203,568	(39,732,684)
Adjustments for:					
Depreciation and amortisation charge	14, 15	227,677,413	164,604,482	1,876,590	2,048,291
Interest income		(514,807)	(529,301)	(18,511,464)	(17,974,573)
Interest expense		5,140,045	2,623,537	48,515	45,370
Bad debt and doubtful accounts	8	78,099,548	44,377,925	-	-
(Reversed) provision for sales return		-	(15,436,367)	-	-
Allowance for inventory obsolescence and diminution in value of inventories	9	2,443,515	27,409,726	-	-
Loss on disposal and write-off of equipment and intangible assets		-	1,241,682	-	-
Loss from impairment of investments in joint venture	12	-	-	-	4,496,896
Loss from liquidation of investment in subsidiary		-	-	-	214,334
Doubtful account on loan to subsidiary		-	-	-	56,300,000
(Reversed) loss from impairment of film rights	15	(19,956,286)	17,986,500	-	-
Employee benefits obligations	19	183,182	1,114,957	204,015	490,518
Share-base payment reserve	22	-	666,759	-	666,759
Share of (profit) loss from joint venture	12	1,953,984	(4,366,379)	-	-
Dividend income		-	-	-	(17,999,960)
Write off withholding tax		414,029	310,107	1,200	265
Changes in working capital: (excluding the effects of acquisition and disposal of a subsidiary)					
- trade accounts receivable and other receivables		49,211,856	(10,406,130)	1,301,391	22,421,528
- inventories		(50,973)	28,034,915	-	-
- films under production		42,720,364	(82,659,086)	-	-
- advances to employees for film production		83,933	9,946,741	-	-
- VAT receivables		2,216,880	(998,489)	-	-
- other current assets		2,069,309	(402,168)	17,233	20,591
- other non-current assets		141,000	(268,000)	-	-
- trade accounts and other payables		(57,650,767)	27,987,606	(516,649)	(12,366,198)
- undue output VAT		(2,439,567)	1,175,142	(82,600)	(28,699)
- other current liabilities		1,043,976	523,202	149,959	(27,985)
Cash flows from operating activities		179,268,712	132,871,834	(6,308,242)	(1,425,547)
<u>Add</u> Interest received		500,216	518,961	18,961,441	17,910,337
<u>Less</u> Interest paid		(5,140,045)	(2,623,537)	(48,515)	(45,370)
Withholding tax received		23,973,696	29,133,639	238,296	4,945,432
Withholding tax paid		(17,794,111)	(16,056,453)	(812,540)	(1,197,825)
Net cash flows generated from operating activities		180,808,468	143,844,444	12,030,440	20,187,027

The notes on pages 72 to 114 are an integral part of these consolidated and separate financial statements.

M Pictures Entertainment Public Company Limited

STATEMENT OF CASH FLOWS (CONT'D)

For the year ended 31 December 2017

	Notes	Unit: Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Cash flows from investing activities					
Purchases of equipment		(1,447,801)	(3,193,801)	(111,600)	(323,094)
Proceeds from disposals of equipment		-	-	-	-
Purchases of intangible assets	15	(5,757)	(34,158)	-	-
Purchases of film rights	15	(199,398,073)	(200,643,430)	-	-
Short-term loans granted to subsidiaries	28 iv)	-	-	(240,800,000)	(322,100,000)
Short-term loans repaid from subsidiaries	28 iv)	-	-	478,900,000	328,000,000
Short-term loans granted to joint venture	28 iv)	(2,000,000)	(8,000,000)	(2,000,000)	(8,000,000)
Short-term loans repaid from joint venture	28 iv)	5,000,000	-	5,000,000	-
Proceed from dividend	12 a)	4,499,990	13,499,970	4,499,990	13,499,970
Liquidation of investment in subsidiary		-	-	-	316,128
Purchase of investments in subsidiary		-	-	(322,500,000)	(1,200,000)
Net cash from (used in) investing activities		(193,351,641)	(198,371,419)	(77,011,610)	10,193,004
Cash flows from financing activities					
(Repayment) proceeds from bank overdrafts	18	(1,929,941)	(7,574,681)	-	-
Proceeds from short-term borrowings from financial institutions	18	103,000,000	105,000,000	-	-
Repayments of short-term borrowings from financial institutions	18	(148,000,000)	-	-	-
Repayment of liabilities under finance lease		(205,618)	(190,886)	(205,618)	(190,886)
Cash received from non-controlling interests		-	800,000	-	-
Net cash from (used in) financing activities		(47,135,559)	98,034,433	(205,618)	(190,886)
Net (decrease) increase in cash and cash equivalents		(59,678,732)	43,507,458	(65,186,788)	30,189,145
Opening balance of cash and cash equivalents		133,227,353	89,719,895	86,047,398	55,858,253
Closing balance of cash and cash equivalents		<u>73,548,621</u>	<u>133,227,353</u>	<u>20,860,610</u>	<u>86,047,398</u>

The notes on pages 72 to 114 are an integral part of these consolidated and separate financial statements.

M Pictures Entertainment Public Company Limited

STATEMENT OF CASH FLOWS (CONT'D)

For the year ended 31 December 2017

Non-cash transactions

Significant non-cash transactions for the years ended 31 December 2017 and 2016:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Outstanding payable arising from purchase of equipment	47,722	-	-	-
Outstanding payables arising from acquisition of film rights	1,210,534	10,523,250	-	-
Dividend receivable from joint venture	-	4,499,990	-	4,499,990

The notes on pages 72 to 114 are an integral part of these consolidated and separate financial statements.

M PICTURES ENTERTAINMENT PUBLIC COMPANY LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2017

1 General information

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

234 Suzuki Avenue Building (Ratchayothin), 13th floor, Ratchadapisek Road, Ladyao, Jatuchak, Bangkok 10900.

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

The Company is a subsidiary of Major Cineplex Group Public Company Limited (“Major”).

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

These Group consolidated and separate financial statements were authorised for issue by the Board of Directors on 14 February 2018.

2 Accounting policies

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

2.1 Basis for preparation

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

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

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

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

2.2 Revised financial reporting standards, and related interpretations

2.2.1 Revised financial reporting standards and interpretations are effective on 1 January 2017 which are relevant and have a significant impact to the Group:

TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 38 (revised 2016)	Intangible assets
TFRS 11 (revised 2016)	Joint arrangements

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

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards, and related interpretations (Cont'd)

2.2.1 Revised financial reporting standards and interpretations are effective on 1 January 2017 which are relevant and have a significant impact to the Group: (Cont'd)

TAS 28 (revised 2016), the significant change is the amendments allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and perform a consolidation at the level of the investment entity associate or joint venture.

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

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

The above revised standards do not have significant impact to the Group.

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Group. The Group has not yet adopted these revised standards.

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

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

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

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

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

The Group's management assessed and considered that the above revised standards will not have a material impact on the Group except for disclosure.

2 Accounting policies (Cont'd)

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

a) Subsidiaries

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

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

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

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

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

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

A list of the Group's principal subsidiaries and the financial effects of the acquisitions and disposals are shown in Note 11.

b) Transactions with non-controlling interests

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

c) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The company has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity 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 12.

2 Accounting policies (Cont'd)

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

d) Accounting under equity method

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in joint ventures includes goodwill identified on acquisition.

If the ownership interest in joint ventures is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. Profit or loss from reduction of the ownership interest in a joint venture is recognised in profit or loss.

The Group's share of its joint ventures' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in joint ventures equals or exceeds its interest in the joint ventures, together with any long-term interests that, in substance, form part of the entity's net investment in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

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

e) Separate financial statement

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

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.

2 Accounting policies (Cont'd)

2.4 Foreign currency translation (Cont'd)

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 in other comprehensive income.

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

2.5 Cash and cash equivalents

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

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 consumption used in 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.

2 Accounting policies (Cont'd)

2.9 Investments (Cont'd)

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.

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.

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 consumption used in various channels over the lifetime of rights this is normally from 2 to 10 years. In the event that a loss is anticipated for each right, an amount equivalent to this loss will be written-off in the statement of income immediately.

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 10 years.

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

Expenditure which enhances or extends the performance computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs are recognised as assets are amortised using the straight-line method over their useful lives, but not exceeding a period of 10 years.

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.

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.

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.

2 Accounting policies (Cont'd)

2.17 Employee benefits

2.17.1 Post-employment

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

2.17.1.1 Defined contribution

A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions once the contributions have been paid even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the Provident Fund Act, B.E. 2530. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.17.1.2 Retirement benefits

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

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

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

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

2 Accounting policies (Cont'd)

2.18 Share-based payment (Cont'd)

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

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

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 as a deduction from sales and cost concerned.

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.

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

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

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

Interest income is recognised on a time proportion basis, taking into account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

2.22 Dividend payment

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

2 Accounting policies (Cont'd)

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

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.

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 be approximate to their fair value.

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

(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.

(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 value in use. Regarding future uncertainty which may have optimistic and pessimistic effect on the recoverable amount from a CGU. The Group has engaged on independent certified financial advisor to assess the recoverable amount. The financial advisor consider the probability of the estimation by applying weighted average value in use, giving the probability of 84% for the base case, and 8% 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 2018. As of 31 December 2017, the recoverable amount from investing in M Pictures Co., Ltd. is equivalent to Baht 372 million. For the purposes of assessing impairment, assets are grouped at the lowest level of each identifiable cash flows (cash-generating unit). The recoverable amount assessment is based on a ten-year pre-tax cash flow projection by referring to a financial and business operating plan of each cash generating unit, which have been approved by the management, and using estimated discounted cash flows, based on the estimated growth rate which does not exceed the average growth rate achieved by the CGU in the past.

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

4.1 Critical accounting estimates and assumptions (Cont'd)

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

Key assumptions used in the recoverable amount assessment include:

Growth rate 1.2%
Discounted rate and probability

M Pictures Co., Ltd.

Unit: Million Baht

Scenario	Discount rate	Recoverable amount	Probability
Pessimistic Case	9.6%	331	8%
Base Case	8.6%	372	84%
Optimistic Case	7.6%	425	8%

Source of data: valuation report dated 12 February 2018.

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

The sensitivity analysis had been performed on key assumptions including the discounted rate. If the discounted rate applied is higher than normal rate by 1% (from 9.6% rather than 7.6%) 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

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

(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 consumption used in each of the various channels over the estimated period to utilise the rights. The expected consumption in each channel used for computing the amortisation ratio is estimated by the management, based on historical information and experience.

(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.

Additional information of other key assumptions for retirement benefits obligation other is disclosed in note 19.

5 Capital risk management

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

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

6 Segment information

Financial information by business segments is as follows:

For the year ended 31 December 2017

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

6 Segment information (Cont'd)

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

	Consolidated financial statements				Unit: Baht
	Film rights distribution	Film production and related	VCD/DVD distribution	Others	
For the year ended 31 December 2016					
Revenue					
Gross segment revenue	159,155,250	229,843,656	99,032,660	8,854,120	496,885,686
Inter - segment revenue	(6,514,045)	(3,700,000)	-	(1,457,100)	(11,671,145)
Net revenue from third parties	152,641,205	226,143,656	99,032,660	7,397,020	485,214,541
Segment result	31,763,367	(16,666,592)	(76,507,664)	1,212,897	(60,197,992)
Unallocated costs					(28,117,423)
Other income					6,507,046
Finance costs					(2,623,537)
Share of profit of joint venture					4,366,379
Loss before income tax					(80,065,527)
Income tax					(5,246,022)
Net loss for the year					(85,311,549)

7 Cash and cash equivalents

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash on hand	178,197	410,263	1,166	36,323
Deposits held at call with banks	73,370,424	132,817,090	20,859,444	86,011,075
Cash and cash equivalents	<u>73,548,621</u>	<u>133,227,353</u>	<u>20,860,610</u>	<u>86,047,398</u>

8 Trade accounts and other receivables, net

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade accounts receivable				
- Third parties	60,005,802	238,671,176	-	-
- Related parties (Note 28)	2,617,001	3,344,072	-	1,155,600
Total trade accounts receivable	<u>62,622,803</u>	<u>242,015,248</u>	<u>-</u>	<u>1,155,600</u>
Accrued income				
- Third parties	22,559,114	24,797,190	-	-
- Related parties (Note 28)	2,880,732	5,805,225	-	-
Total accrued income	<u>25,439,846</u>	<u>30,602,415</u>	<u>-</u>	<u>-</u>
Total trade accounts receivable and accrued income	<u>88,062,649</u>	<u>272,617,663</u>	<u>-</u>	<u>1,155,600</u>
<u>Less</u> Allowance for doubtful accounts	<u>-</u>	<u>(36,861,798)</u>	<u>-</u>	<u>-</u>
Trade accounts receivable and accrued income, net	88,062,649	235,755,865	-	1,155,600
Amounts due from related parties (Note 28)	3,278,532	21,673,006	1,044,287	6,274,223
Other account receivables	5,608,950	2,801,854	-	1,761
Prepaid expenses	39,207,475	7,723,684	732,188	596,249
Advances to employees for film production	3,988,278	4,072,211	-	-
Trade account and other receivables, net	<u>140,145,884</u>	<u>272,026,620</u>	<u>1,776,475</u>	<u>8,027,833</u>

In 2017, prepaid expenses included prepaid expense from bartering with advertising services of Baht 31.27 million. The Group can utilise such services by offsetly with related prepaid expense over 1 years ending April 2018.

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 financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade accounts receivable				
Current	30,577,470	65,612,862	-	1,155,600
Over-due less than 3 months	24,454,270	26,834,802	-	-
Over-due 3 - 6 months	3,337,807	10,425,102	-	-
Over-due 6 - 12 months	2,485,833	116,136,302	-	-
Over-due over 12 months	1,767,423	23,006,180	-	-
Total trade accounts receivable	62,622,803	242,015,248	-	1,155,600
Accrued income	25,439,846	30,602,415	-	-
Total trade accounts receivable and accrued income	88,062,649	272,617,663	-	1,155,600
Less Allowance for doubtful accounts	-	(36,861,798)	-	-
Trade accounts receivable and accrued income, net	88,062,649	235,755,865	-	1,155,600

In 2017, the Group had reversal for doubtful debts for Baht 36.86 million (2016: provided allowance for doubtful Baht 44.38 million) was wrote-off trade accounts receivables which were overdue Baht 114.96 million (2016: Baht 7.52 million) and recognised bad debt and doubtful accounts of Baht 78.09 million in administrative expenses. Such write-offs were already approved by the Board of Directors.

9 Inventories, net

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Finished goods	6,534,415	7,454,300	-	-
Less Allowance for obsolescence and diminution in value of inventories	(5,071,856)	(2,628,341)	-	-
Finished goods, net	1,462,559	4,825,959	-	-
Goods in transit	1,116,481	145,623	-	-
Inventories, net	2,579,040	4,971,582	-	-

Allowance for obsolescence and diminution in value of inventories was recognised in the consolidated statement of income amounting to Baht 2.44 million (2016: reversed Baht 27.40 million).

10 Other current assets

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Undue input VAT	1,554,853	3,463,385	44,140	61,373
Others	447,988	608,765	-	-
Other current assets	2,002,841	4,072,150	44,140	61,373

11 Investments in subsidiaries, net

	Unit: Baht	
	Separate financial statements	
	2017	2016
Investment in subsidiaries	1,189,626,067	867,126,067
<u>Less</u> Allowance for impairment	<u>(628,795,962)</u>	<u>(628,795,962)</u>
Investment in subsidiaries, net	<u>560,830,105</u>	<u>238,330,105</u>

a) Movements of investments in subsidiaries

	Unit: Baht	
	Separate financial statements	
	2017	2016
Investment in subsidiaries		
Opening net book amount	238,330,105	237,660,567
Acquisition of investments	322,500,000	1,200,000
Liquidation of investment in subsidiary	-	(530,462)
Closing net book amount	<u>560,830,105</u>	<u>238,330,105</u>

Year 2017
M V D Co., Ltd.

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

Year 2016
TV forum Co., Ltd.

At the Extraordinary Shareholders' Meeting of TV Forum Company Limited No. 1/2015 held on 31 October 2015, the shareholders approved to dissolve TV Forum Company Limited. The dissolution had already been registered with the Ministry of Commerce on 2 November 2015 and the liquidation was completed on 4 January 2016. Accordingly, related allowance for impairment of Baht 99.46 million was reversed and adjusted out in January 2016.

Metacognition Co., Ltd.

On 14 October 2016, M Pictures Entertainment Public Company Limited invested with external persons in 20,000 shares totalling Baht 1,200,000 of Metacognitions Co., Ltd. which is a newly registered entity engaging in advertising agency businesses. The Company holds Metacognitions Co., Ltd.'s shares representing 60% of the issued share capital. This investment was approved by the Board of Directors ("the Board") meeting held on 9 November 2016.

11 Investments in subsidiaries, net (Cont'd)

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

Subsidiaries	Nature of business	Nature of relationship	Country of incorporation	% Ownership interest		Unit: Baht	
				2017	2016	At cost	
				2017	2016	2017	2016
M Pictures Company Limited	Distribution of film rights for cinema, VCD/DVD production and TV broadcast	Shareholder	Thailand	99.99	99.99	369,997,760	369,997,760
M V D Company Limited	Distribution of VCD/DVD, Blu-ray and film rights	Shareholder	Thailand	99.99	99.99	720,983,507	398,483,507
M Thirty Nine Company Limited	Film production	Shareholder	Thailand	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	Thailand	90.00	90.00	22,444,800	22,444,800
Metacognitions Company Limited	Media advertising agency	Shareholder	Thailand	60.00	60.00	1,200,000	1,200,000
						1,189,626,067	867,126,067
						(628,795,962)	(628,795,962)
						<u>560,830,105</u>	<u>238,330,105</u>
Less Allowance for impairment							
Investments in subsidiaries, net							
Subsidiaries under M V D Company Limited							
Pacific Media Sale Company Limited	Distribution of CD, VCD and DVD	Indirect shareholder	Thailand	99.40	99.40		

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

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

12 Investments in joint ventures, net

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Investments in joint ventures	34,171,149	36,161,780	76,770,069	76,770,069
Less Allowance for impairment	-	-	(40,456,896)	(40,456,896)
Investments in joint ventures, net	<u>34,171,149</u>	<u>36,161,780</u>	<u>36,313,173</u>	<u>36,313,173</u>

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Investments in joint ventures				
Opening net book amount	36,161,780	49,840,108	36,313,173	40,810,069
Acquisition	-	-	-	-
Share of (loss) profit of investments in joint ventures	(1,953,984)	4,366,379	-	-
Difference from translation of financial statement	(36,647)	(44,747)	-	-
Allowance for impairment	-	-	-	(4,496,896)
Dividend income	-	(17,999,960)	-	-
Closing net book amount	<u>34,171,149</u>	<u>36,161,780</u>	<u>36,313,173</u>	<u>36,313,173</u>

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

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

Investments in joint ventures

Year 2016

Dividend income

At the Board of Director Meeting of Major Kantana Broadcasting Company Limited held on 15 February 2016 and 15 December 2016, the directors approved a dividend payment in cash of Baht 7.50 and 2.50 per share. The Company received a cash dividend of Baht 13.50 million on 4 March 2016 and received a cash dividend of baht 4.50 million on 28 February 2017 which dividend income were included in "Other income" in the Separate'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	
						Cost method	
				2017	2016	2017	2016
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	28.57	50,000,000	50,000,000
MVP M-Pictures Film Distribution (Lao) Co., Ltd.	Distribution of film rights for cinema, VCD/DVD production and TV broadcast	Shareholder	Laos	40.00	40.00	1,775,326	1,775,326
						76,770,069	76,770,069
<u>Less</u> Allowance for impairment						(40,456,896)	(40,456,896)
Investments in joint ventures, net						<u>36,313,173</u>	<u>36,313,173</u>

All holdings are investment in ordinary shares.

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

Summarised statement of financial position

	Transformation Film Co., Ltd.		Major Kantana Broadcasting Co., Ltd.		Total	
	As at 31 December		As at 31 December		As at 31 December	
	2017	2016	2017	2016	2017	2016
Current assets						
Cash and cash equivalents	2,100,055	7,523,687	22,585,600	40,216,230	24,685,655	47,739,917
Other current assets (excluding cash)	53,503,171	64,973,085	102,294,988	126,821,933	155,798,159	191,795,018
Total current assets	<u>55,603,226</u>	<u>72,496,772</u>	<u>124,880,588</u>	<u>167,038,163</u>	<u>180,483,814</u>	<u>239,534,935</u>
Non-current assets	<u>4,986,978</u>	<u>1,099,275</u>	<u>95,475,665</u>	<u>100,963,753</u>	<u>100,462,643</u>	<u>102,063,028</u>
Current liabilities						
Financial liabilities (excluding trade payables)	5,014,591	8,010,340	-	-	5,014,591	8,010,340
Other current liabilities (including trade payables)	21,106,633	28,965,867	164,123,761	211,271,057	185,230,394	240,236,924
Total current liabilities	<u>26,121,224</u>	<u>36,976,207</u>	<u>164,123,761</u>	<u>211,271,057</u>	<u>190,244,985</u>	<u>248,247,264</u>
Non-current liabilities						
Other liabilities	354,906	214,150	1,901,476	1,530,267	2,256,382	1,744,417
Total non-current liabilities	<u>354,906</u>	<u>214,150</u>	<u>1,901,476</u>	<u>1,530,267</u>	<u>2,256,382</u>	<u>1,744,417</u>
Net assets	<u>34,114,074</u>	<u>36,405,690</u>	<u>54,331,016</u>	<u>55,200,592</u>	<u>88,445,090</u>	<u>91,606,282</u>

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

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

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

Summarised statement of comprehensive income

	Unit: Baht					
	Transformation Film Co., Ltd.		Major Kantana Broadcasting Co., Ltd.		Total	
	As at 31 December		As at 31 December		As at 31 December	
	2017	2016	2017	2016	2017	2016
Revenue	86,719,156	19,166,464	237,982,687	285,565,786	324,701,843	304,732,250
Cost	(43,380,234)	(19,944,438)	(217,903,424)	(227,772,176)	(261,283,658)	(247,716,614)
Other revenue	2,130	993,256	14,415,856	7,382,179	14,417,986	8,375,435
Share of profit of investments in joint ventures	-	-	9,325,110	9,208,530	9,325,110	9,208,530
Interest income	28,857	66,542	-	63,555	28,857	130,097
Selling and administration expense	(44,840,582)	(22,027,620)	(38,470,926)	(43,938,501)	(83,311,508)	(65,966,121)
Depreciation and amortisation	(638,065)	(824,500)	(2,678,043)	(2,445,132)	(3,316,108)	(3,269,632)
Interest expense	(182,878)	(10,340)	(75,447)	(64,259)	(258,325)	(74,599)
Profit or loss from continuing operations	(2,291,616)	(22,580,636)	2,595,813	27,999,982	304,197	5,419,346
Income tax expense	-	-	(3,465,389)	(2,399,301)	(3,465,389)	(2,399,301)
Post-tax profit or loss from continuing operations	(2,291,616)	(22,580,636)	(869,576)	25,600,681	(3,161,192)	3,020,045
Post-tax profit from discontinued operations	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	(2,291,616)	(22,580,636)	(869,576)	25,600,681	(3,161,192)	3,020,045

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

Reconciliation of summarised financial information

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

	Unit: Baht					
	Transformation Film Co., Ltd.		Major Kantana Broadcasting Co., Ltd.		Total	
	As at 31 December		As at 31 December		As at 31 December	
	2017	2016	2017	2016	2017	2016
Summarised financial Information						
Opening net assets 1 January	36,405,690	58,986,326	55,200,592	69,599,911	91,606,282	128,586,237
Dividend	-	-	-	(40,000,000)	-	(40,000,000)
Acquisition	-	-	-	-	-	-
Profit (loss) for the period	(2,291,616)	(22,580,636)	(869,576)	25,600,681	(3,161,192)	3,020,045
Other comprehensive income	-	-	-	-	-	-
Closing net assets	34,114,074	36,405,690	54,331,016	55,200,592	88,445,090	91,606,282
Interest in joint venture (28.57% and 44.99%)	9,746,391	10,401,106	24,448,902	24,840,210	34,195,293	35,241,316
Goodwill	-	-	-	-	-	-
Carrying value	9,746,391	10,401,106	24,448,902	24,840,210	34,195,293	35,241,316

12 Investments in joint venture, net (Cont'd)
b) The details of investments jointly controlled entities are as follows: (Cont'd)
Individually immaterial joint venture

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

	Unit: Baht	
	<u>2017</u>	<u>2016</u>
Aggregate carrying amount of individually immaterial joint venture	(24,144)	920,464
Aggregate amounts of the reporting entity's share of:		
Profit/(loss) from continuing activities	(907,961)	(702,614)
Other comprehensive income	(36,647)	(44,747)
Total comprehensive income	<u>(944,608)</u>	<u>(747,361)</u>

13 Other long-term investment, net

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Other long-term investment				
- Future Biz Co., Ltd.	8,500,000	8,500,000	8,500,000	8,500,000
<u>Less</u> Allowance for impairment	<u>(8,500,000)</u>	<u>(8,500,000)</u>	<u>(8,500,000)</u>	<u>(8,500,000)</u>
Other long-term investment, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

14 Buildings and equipment, net

	Consolidated financial statements				Unit: Baht
	Buildings and building improvements	Office equipment	Motor vehicles	Construction in progress	Total
At 1 January 2016					
Cost	19,475,522	34,061,620	1,602,860	446,875	55,586,877
<u>Less</u> Accumulated depreciation	(11,573,680)	(24,330,682)	(1,280,358)	-	(37,184,720)
Allowance for impairment	-	(294,029)	-	-	(294,029)
Net book value	<u>7,901,842</u>	<u>9,436,909</u>	<u>322,502</u>	<u>446,875</u>	<u>18,108,128</u>
For the year ended 31 December 2016					
Opening net book value	7,901,842	9,436,909	322,502	446,875	18,108,128
Additions	-	1,593,830	-	1,599,971	3,193,801
Transfers in (Transfers out), net	2,046,846	-	-	(2,046,846)	-
Disposals, net	-	-	-	-	-
Write-offs, net	(16)	(1,231)	-	-	(1,247)
Depreciation charge (Note 24)	(1,601,509)	(3,482,421)	(320,747)	-	(5,404,677)
Closing net book value	<u>8,347,163</u>	<u>7,547,087</u>	<u>1,755</u>	<u>-</u>	<u>15,896,005</u>
At 31 December 2016					
Cost	20,605,320	32,445,614	1,602,860	-	54,653,794
<u>Less</u> Accumulated depreciation	(12,258,157)	(24,604,498)	(1,601,105)	-	(38,463,760)
Allowance for impairment	-	(294,029)	-	-	(294,029)
Net book value	<u>8,347,163</u>	<u>7,547,087</u>	<u>1,755</u>	<u>-</u>	<u>15,896,005</u>
For the year ended 31 December 2017					
Opening net book value	8,347,163	7,547,087	1,755	-	15,896,005
Additions	-	1,495,523	-	-	1,495,523
Disposals, net	-	-	-	-	-
Write-offs, net	-	-	-	-	-
Depreciation charge (Note 24)	(2,637,045)	(3,361,418)	(1,753)	-	(6,000,216)
Closing net book value	<u>5,710,118</u>	<u>5,681,192</u>	<u>2</u>	<u>-</u>	<u>11,391,312</u>
At 31 December 2017					
Cost	20,605,320	33,941,137	1,602,860	-	56,149,317
<u>Less</u> Accumulated depreciation	(14,895,202)	(27,965,916)	(1,602,858)	-	(44,463,976)
Allowance for impairment	-	(294,029)	-	-	(294,029)
Net book value	<u>5,710,118</u>	<u>5,681,192</u>	<u>2</u>	<u>-</u>	<u>11,391,312</u>

14 Buildings and equipment, net (Cont'd)

	Separate financial statements			Unit: Baht
	Buildings and building improvements	Office equipment	Construction in progress	Total
At 1 January 2016				
Cost	10,572,790	8,957,245	-	19,530,035
<u>Less</u> Accumulated depreciation	(7,609,146)	(4,239,365)	-	(11,848,511)
Net book value	<u>2,963,644</u>	<u>4,717,880</u>	-	<u>7,681,524</u>
For the year ended 31 December 2016				
Opening net book value	2,963,644	4,717,880	-	7,681,524
Additions	-	323,094	-	323,094
Write-off, net	-	-	-	-
Depreciation charge (Note 24)	(576,574)	(1,332,729)	-	(1,909,303)
Closing net book value	<u>2,387,070</u>	<u>3,708,245</u>	-	<u>6,095,315</u>
At 31 December 2016				
Cost	10,572,790	9,280,339	-	19,853,129
<u>Less</u> Accumulated depreciation	(8,185,720)	(5,572,094)	-	(13,757,814)
Net book value	<u>2,387,070</u>	<u>3,708,245</u>	-	<u>6,095,315</u>
For the year ended 31 December 2017				
Opening net book value	2,387,070	3,708,245	-	6,095,315
Additions	-	111,600	-	111,600
Write-off, net	-	-	-	-
Depreciation charge (Note 24)	(497,663)	(1,243,655)	-	(1,741,318)
Closing net book value	<u>1,889,407</u>	<u>2,576,190</u>	-	<u>4,465,597</u>
At 31 December 2017				
Cost	10,572,790	9,391,939	-	19,964,729
<u>Less</u> Accumulated depreciation	(8,683,383)	(6,815,749)	-	(15,499,132)
Net book value	<u>1,889,407</u>	<u>2,576,190</u>	-	<u>4,465,597</u>

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

	Consolidated financial statements		Separate financial statements		Unit: Baht
	2017	2016	2017	2016	
Cost - capitalised finance leases	748,450	748,450	748,450	748,450	
<u>Less</u> Accumulated depreciation	(387,552)	(237,862)	(387,552)	(237,862)	
Net book value	<u>360,898</u>	<u>510,588</u>	<u>360,898</u>	<u>510,588</u>	

15 Intangible assets, net

	Consolidated financial statements			Unit: Baht
	Goodwill	Computer program	Film rights	Separate
				Computer program and film rights
At 1 January 2016				
Cost	439,069,516	8,006,152	1,810,010,822	16,520,129
<u>Less</u> Accumulated amortisation	-	(4,983,052)	(1,705,739,348)	(14,505,940)
Allowance for impairment	(299,927,010)	(1,316,008)	(32,346,054)	(1,396,244)
Net book value	<u>139,142,506</u>	<u>1,707,092</u>	<u>71,925,420</u>	<u>617,945</u>
For the year ended 31 December 2016				
Opening net book value	139,142,506	1,707,092	71,925,420	617,945
Additions	-	34,158	170,964,246	-
Write-off, net	-	(545,002)	(695,433)	-
Amortisation (Note 24)	-	(611,471)	(158,588,334)	(138,988)
Impairment charge (Note 24)	-	-	(17,986,500)	-
Closing net book value	<u>139,142,506</u>	<u>584,777</u>	<u>65,619,399</u>	<u>478,957</u>
At 31 December 2016				
Cost	439,069,516	5,751,818	1,487,887,409	3,756,634
<u>Less</u> Accumulated amortisation	-	(4,145,981)	(1,374,315,456)	(2,006,617)
Allowance for impairment	(299,927,010)	(1,021,060)	(47,952,554)	(1,271,060)
Net book value	<u>139,142,506</u>	<u>584,777</u>	<u>65,619,399</u>	<u>478,957</u>
For the year ended 31 December 2017				
Opening net book value	139,142,506	584,777	65,619,399	478,957
Additions	-	5,757	190,085,357	-
Write-off, net	-	-	-	-
Amortization (Note 24)	-	(169,219)	(221,507,978)	(135,272)
Impairment charge (Note 24)	-	-	19,956,286	-
Closing net book value	<u>139,142,506</u>	<u>421,315</u>	<u>54,153,064</u>	<u>343,685</u>
At 31 December 2017				
Cost	439,069,516	5,757,575	1,569,084,583	3,756,634
<u>Less</u> Accumulated amortisation	-	(4,315,200)	(1,486,935,251)	(2,141,889)
Allowance for impairment	(299,927,010)	(1,021,060)	(27,996,268)	(1,271,060)
Net book value	<u>139,142,506</u>	<u>421,315</u>	<u>54,153,064</u>	<u>343,685</u>

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

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment.

A segment-level summary of the goodwill allocation is presented below.

	2017				2016			
	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)	(3,704,675)	(299,927,010)
Goodwill, net	<u>139,142,506</u>	-	-	<u>139,142,506</u>	<u>139,142,506</u>	-	-	<u>139,142,506</u>

16 Other non-current assets, net

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Guarantees on buildings rental and others	2,325,563	2,466,563	1,263,815	1,263,815
Others	-	-	-	-
Other non-current assets, net	<u>2,325,563</u>	<u>2,466,563</u>	<u>1,263,815</u>	<u>1,263,815</u>

17 Trade accounts and other payables

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade accounts payable	36,551,128	61,120,438	-	-
Amounts due to related parties (Note 28)	710,096	1,205,325	599,590	625,451
Other payables	1,974,149	13,871,792	423,575	479,617
Deferred income	16,798,351	32,052,312	-	-
Accrued expenses	25,894,529	37,915,759	1,262,341	1,697,087
Trade accounts and other payables	<u>81,928,253</u>	<u>146,165,626</u>	<u>2,285,506</u>	<u>2,802,155</u>

18 Borrowings

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current				
Bank overdrafts	-	1,929,941	-	-
Short-term borrowings from financial institutions	60,000,000	105,000,000	-	-
Total bank overdrafts and short-term borrowings from financial institutions	<u>60,000,000</u>	<u>106,929,941</u>	<u>-</u>	<u>-</u>
Current portions of long-term borrowings from financial institutions	-	-	-	-
Non-current				
Long-term borrowings from financial institutions	-	-	-	-
Total borrowings from financial institutions	<u>60,000,000</u>	<u>106,929,941</u>	<u>-</u>	<u>-</u>

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Borrowings:				
- at fixed rates	60,000,000	105,000,000	-	-
- at floating rates	-	1,929,941	-	-
Total borrowings	<u>60,000,000</u>	<u>106,929,941</u>	<u>-</u>	<u>-</u>

18 Borrowings (Cont'd)

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Bank overdrafts	-	7.12%	-	-
Bank borrowings	-	-	-	-
Bank promissory notes	2.38% and 4.50%	4.25%	-	-

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Opening balance	105,000,000	-	-	-
Additions	103,000,000	105,000,000	-	-
Repayments made during the year	(148,000,000)	-	-	-
Closing balance	60,000,000	105,000,000	-	-

As at 31 December 2017, the Group had promissory notes from financial institution, guarantee given by ultimate parent company, denominated in Thai Baht of Baht 60 million.

Borrowing facilities

As at 31 December 2017, the Group had the available credit facilities of Baht 391.50 million (2016: Baht 980.07 million). Borrowing facilities are mainly for the purpose of acquisitions of film rights, film productions and working capital.

19 Employee benefit obligations

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Statement of financial position				
Retirement benefits	4,936,321	4,753,139	2,196,682	1,992,667
Profit or loss charge included in operating profit for:				
Retirement benefits	183,182	1,114,957	204,015	490,518
Remeasurement for:				
Retirement benefits	-	-	-	-

The plans are final salary retirement plans, which provide benefits to members in the form of a guaranteed level of pension payable. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

19 Employee benefit obligations (Cont'd)

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
At 1 January	4,753,139	3,638,182	1,992,667	1,502,149
Current service cost	832,327	1,013,086	170,428	448,458
Past service cost	(760,026)	-	-	-
Interest cost	110,881	101,871	33,587	42,060
At 31 December	<u>4,936,321</u>	<u>4,753,139</u>	<u>2,196,682</u>	<u>1,992,667</u>

The principal actuarial assumptions used were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate	2.8%	2.8%	2.8%	2.8%
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%

Sensitivity analysis for each significant assumption disclosed

	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2017	2016	2017	2016	2017	2016
Discount rate	1%	1%	Decrease by 7%	Decrease by 8%	Increase by 8%	Increase by 9%
Salary growth rates	1%	1%	Increase by 10%	Increase by 10%	Decrease by 9%	Decrease by 9%
Turnover rates	20%	20%	Decrease by 16%	Decrease by 16%	Increase by 23%	Increase by 22%
Mortality improvement rates	1%	1%	Increase by 0%	Increase by 0%	Decrease by 0%	Decrease by 0%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

19 Employee benefit obligations (Cont'd)

Expected maturity analysis of undiscounted retirement and post-employment medical benefits:

	Consolidated				Unit : Baht
	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	At 31 December 2017 Retirement benefits	1,423,235	880,172	535,878	13,058,738

	Consolidated				Unit : Baht
	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	At 31 December 2016 Retirement benefits	793,143	630,092	1,416,050	13,058,738

	Separate				Unit : Baht
	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	At 31 December 2017 Retirement benefits	1,423,235	252,147	535,878	1,121,844

	Separate				Unit : Baht
	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	At 31 December 2016 Retirement benefits	793,143	630,092	788,025	1,121,844

20 Deferred income taxes

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	8,618,997	2,248,264	824,542	830,098
Deferred tax assets to be recovered after more than 12 months	5,112,836	6,402,143	1,942,047	3,598,533
	<u>13,731,833</u>	<u>8,650,407</u>	<u>2,766,589</u>	<u>4,428,631</u>
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	-	-	-	-
Deferred tax liabilities to be settled after more than 12 months	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax, net	<u>13,731,833</u>	<u>8,650,407</u>	<u>2,766,589</u>	<u>4,428,631</u>

20 Deferred income taxes (Cont'd)

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
At 1 January	8,650,407	13,896,429	4,428,631	4,329,636
Charged to profit or loss	5,081,426	(5,246,022)	(1,662,042)	98,995
Tax charged/(credit) relation to components of other comprehensive income	-	-	-	-
At 31 December	<u>13,731,833</u>	<u>8,650,407</u>	<u>2,766,589</u>	<u>4,428,631</u>

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

	Unit: Baht			
	Consolidated financial statements			
	1 January 2017	Credit (debit) to profit or loss	Other Comprehensive income	31 December 2017
Deferred income tax assets				
Tax losses carried forward	4,000,000	(1,697,289)	-	2,302,711
Depreciation of building improvements	30,098	(5,556)	-	24,542
Amortisation of film rights	4,172,135	6,727,201	-	10,899,336
Employee benefits	448,174	57,070	-	505,244
Total	<u>8,650,407</u>	<u>5,081,426</u>	<u>-</u>	<u>13,731,833</u>
Deferred income tax, net	<u>8,650,407</u>	<u>5,081,426</u>	<u>-</u>	<u>13,731,833</u>

	Unit: Baht			
	Separate financial statements			
	1 January 2017	Credit (debit) to profit or loss	Other Comprehensive income	31 December 2017
Deferred income tax assets				
Tax losses carried forward	4,000,000	(1,697,289)	-	2,302,711
Depreciation of building improvements	30,098	(5,556)	-	24,542
Amortisation of film rights	-	-	-	-
Employee benefits	398,533	40,803	-	439,336
Total	<u>4,428,631</u>	<u>(1,662,042)</u>	<u>-</u>	<u>2,766,589</u>
Deferred income tax, net	<u>4,428,631</u>	<u>(1,662,042)</u>	<u>-</u>	<u>2,766,589</u>

20 Deferred income taxes (Cont'd)

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

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax assets	13,731,833	8,650,407	2,766,589	4,428,631
Deferred tax liabilities	-	-	-	-
Deferred tax, net	<u>13,731,833</u>	<u>8,650,407</u>	<u>2,766,589</u>	<u>4,428,631</u>

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 2017, the Group did not recognise deferred income tax assets of Baht 100.74 million in respect of tax losses carried forward approximately Baht 503.69 million. A summary of the tax losses carried forward and the expiry dates are set out below:

	Consolidated financial statements Baht Million	Separate financial statements Baht Million
Expiry year		
2018	57.53	-
2019	104.70	-
2020	89.23	-
2021	79.06	-
2022	<u>173.17</u>	<u>95.34</u>
	<u>503.69</u>	<u>95.34</u>

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

21 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 2016	1,315,337,205	1,300,119,176	1,300,119,176	453,981,276
Decrease of authorised shares	-	-	-	-
Increase of authorised shares	-	-	-	-
Warrant exercised	-	-	-	-
At 31 December 2016	1,315,337,205	1,300,119,176	1,300,119,176	453,981,276
Decrease of authorised shares	-	-	-	-
Increase of authorised shares	-	-	-	-
Warrant exercised	-	-	-	-
At 31 December 2017	<u>1,315,337,205</u>	<u>1,300,119,176</u>	<u>1,300,119,176</u>	<u>453,981,276</u>

The total numbers of authorised ordinary shares are 1,315.33 million shares (2016: 1,315.33 million shares) with a par value of Baht 1 per share (2016: Baht 1 per share).

22 Share-based payment

Share option schemes

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

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

Exercised date are detailed as below:

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

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

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

22 Share-based payment (Cont'd)

Share option schemes (Cont'd)

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

	Consolidated financial statements		Separate financial statements	
	Average exercise price Baht per share	Option	Average exercise price Baht per share	Option
At 1 January 2016				
- MPIC-ESOP#1	1.24	1,391,512	1.24	1,391,512
- MPIC-ESOP#2	1.84	10,918,320	1.84	10,918,320
Granted	-	-	-	-
Forfeited				
- MPIC-ESOP#1	-	(320,625)	-	(320,625)
- MPIC-ESOP#2	-	(1,169,820)	-	(1,169,820)
Exercised				
- MPIC-ESOP#1	-	-	-	-
At 31 December 2016	1.78	10,819,387	1.78	10,819,387
At 1 January 2017				
- MPIC-ESOP#1	1.24	1,070,887	1.24	1,070,887
- MPIC-ESOP#2	1.84	9,748,500	1.84	9,748,500
Granted	-	-	-	-
Forfeited				
- MPIC-ESOP#1	-	-	-	-
- MPIC-ESOP#2	-	(1,689,740)	-	(1,689,740)
Expired				
- MPIC-ESOP#1	(1.24)	(1,070,887)	(1.24)	(1,070,887)
At 31 December 2017	1.84	8,058,760	1.84	8,058,760

During 2017, no option of warrants (ESOP#1) has been exercised and no options have been forfeited (2016: no option has been exercise and 320,625 options have been forfeited) (Note 21).

During 2017, no options of warrants (ESOP#2) has been exercised and 1,689,740 options have been forfeited (2016: no options of warrants (ESOP#2) has been forfeited and 1,169,820 options have been forfeited) (Note 21).

As at 31 December 2017, the Company had 8,058,760 outstanding options (2016: 10,819,387).

22 Share-based payment (Cont'd)

Share option schemes (Cont'd)

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

	Consolidated financial statements		Separate financial statements	
	Average exercise price Baht per share	Shares	Average exercise price Baht per share	shares
MPIC-ESOP#1 Expired date :				
23 April 2017				
31 December 2016	1.24	1,070,887	1.24	1,070,887
31 December 2017	-	-	-	-
MPIC-ESOP#2 Expired date :				
23 April 2020				
31 December 2016	1.84	9,748,500	1.84	9,748,500
31 December 2017	1.84	8,058,760	1.84	8,058,760

During the year ended 31 December 2017, there is no change in the condition of warrants (MPIC-ESOP#1 and MPIC-ESOP#2) assumptions applied in valuation model is as follows:

Condition of warrants	MPIC-ESOP#1	MPIC-ESOP#2
Average exercise price (Baht per share)	1.24	1.84
Exercise ratio (Unit per share)	1 : 1.29	1 : 1.00
Variable		
Fair value of warrant (Baht per option)	1.17 - 1.34	0.80
Volatility (%)	39.72 - 63.80	50.45
Dividend yield (%)	1.23	0.96
Weighted average share price at the granted date (Baht per share)	2.40	1.82
Expected option life (year)	0.18 - 1.93	5.00
Risk-free interest rate (%)	2.00 - 2.38	2.18

Volatility was determined from historical fluctuation in stock price of the remaining period of share option scheme. If the volatility of the stock price of MPIC increases, the value of MPIC-ESOP#1 and MPIC-ESOP#2 will be increased.

The Company recognised the value of warrants over the vesting period. As at 31 December 2017, No expense related to warrant is recognised as an expense in the consolidated and separate income statements with a corresponding credit to the consolidated and separate equity of Baht (2016: Baht 666,759).

23 Legal reserve

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
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.

24 Expense by nature

Significant expenses by nature carried out are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Staff costs	64,555,107	74,750,196	13,101,158	13,809,397
Depreciation on building and equipment (Note 14)	6,000,216	5,404,677	1,741,318	1,909,303
Amortization of intangible assets				
- Film rights (Note 15)	221,507,978	158,588,334	-	-
- Computer software (Note 15)	169,219	611,471	135,272	138,988
Impairment (reversal) of assets				
- Film rights (Note 15)	(19,956,286)	17,986,500	-	-
Bad debt and (reverse) doubtful accounts	78,099,548	44,377,925	-	-
Impairment of inventories	2,443,515	(27,409,727)	-	-
Provision for doubtful account on loans to subsidiary	-	-	-	56,300,000

25 Finance costs

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Finance costs				
Bank borrowings	5,091,530	2,578,167	-	-
Finance lease	30,638	45,370	30,638	45,370
Others	17,877	-	17,877	-
Total	5,140,045	2,623,537	48,515	45,370

26 Income tax

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
For the year ended 31 December				
Current tax	14,833,529	-	-	-
Deferred income tax:				
Origination and reversal of temporary differences	(5,081,426)	5,246,022	1,662,042	(98,995)
Income tax	9,752,103	5,246,022	1,662,042	(98,995)

26 Income tax (Cont'd)

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
(Loss)profit before income tax	(153,517,922)	(80,065,527)	9,203,568	(39,732,684)
Tax calculated at a tax rate of 20% (2016: 20%)	(30,703,584)	(16,013,105)	1,840,714	(7,946,537)
Tax effect of:				
Joint venture's results reported net of tax Income not subject to tax	390,797	(873,276)	-	-
Expenses not deductible for tax purpose	2,691,381	5,490,374	5,995	3,133
Temporary differences in which no deferred income tax asset was recognised	17,294,745	4,468,794	-	11,444,401
Utilisation of previously unrecognised tax losses	(9,225,199)	(4,811,725)	(184,667)	-
Tax losses for which no deferred income tax asset was recognised	18,136,463	16,723,085	-	-
Unrealised (gain) losses from intercompany transaction	11,167,500	261,875	-	-
Tax charge/(credit)	<u>9,752,103</u>	<u>5,246,022</u>	<u>1,662,042</u>	<u>(98,995)</u>

27 (Loss) earnings per share

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

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
(Loss)profit (Baht)				
Net (loss)profit attributable to ordinary shareholders of the company	(155,632,345)	(82,984,428)	7,541,526	(39,633,689)
Weighted average number of ordinary shares outstanding (Shares)	<u>1,300,119,176</u>	<u>1,300,119,176</u>	<u>1,300,119,176</u>	<u>1,300,119,176</u>
Basic (loss)earnings per share (Baht per share)	<u>(0.12)</u>	<u>(0.06)</u>	<u>0.01</u>	<u>(0.03)</u>

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

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

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
(Loss)profit (Baht)				
Net (loss)profit attributable to shareholders of the company	(155,632,345)	(82,984,428)	7,541,526	(39,633,689)
Weighted average number of ordinary shares outstanding (Shares)	1,300,119,176	1,300,119,176	1,300,119,176	1,300,119,176
Adjustments for:				
The effect of dilutive potential shares	78,600	321,017	78,600	321,017
Weighted average number of ordinary shares for diluted (loss)earnings per share	1,300,197,776	1,300,440,193	1,300,197,776	1,300,440,193
Diluted (loss)earnings per share (Baht per share)	<u>(0.12)</u>	<u>(0.06)</u>	<u>0.01</u>	<u>(0.03)</u>

28 Related party transactions

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

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

The Company is a subsidiary of Major Cineplex Group Public Company Limited which owns 92.46% of the Company's shares (2016: 92.46%). All subsidiaries and associates of Major Cineplex Group Company Limited are considered as related parties.

28 Related party transactions (Cont'd)

The following significant transactions were carried out with related parties:

i) Sales of goods/services and others

	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Management fee income				
Subsidiaries	-	-	15,600	12,000
Joint ventures	720	534	720	480
	<u>720</u>	<u>534</u>	<u>16,320</u>	<u>12,480</u>
Sales of goods and services				
Parent company	50,806	120,461	-	-
Related companies	18,574	40,536	-	-
Joint ventures	8,900	8,753	-	-
	<u>78,280</u>	<u>169,750</u>	<u>-</u>	<u>-</u>
Advertising income				
Parent company	-	33,320	-	-
Related companies	74,000	4,000	-	-
Joint ventures	885	-	-	-
	<u>74,885</u>	<u>37,320</u>	<u>-</u>	<u>-</u>
Rental and service income				
Subsidiaries	-	-	1,691	2,910
Interest income				
Subsidiaries	-	-	18,138	17,600
Joint ventures	183	10	183	10
	<u>183</u>	<u>10</u>	<u>18,321</u>	<u>17,610</u>
Other income				
Joint venture	-	-	-	18,000

During the first quarter of 2016, M Thirty Nine Co., Ltd. had been employed by ultimate parent company to organise a large Thai film promotional event. The event was completed and delivered in the same period

28 Related party transactions (Cont'd)

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

ii) Purchase of goods/services and others

	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Purchase of goods and services				
Parent company	388	2,061	-	-
Related companies	122	616	-	-
Joint venture	18,869	558	-	-
	<u>19,379</u>	<u>3,235</u>	<u>-</u>	<u>-</u>
Advertising expense				
Parent company	2,482	3,233	-	-
Related companies	277	3,668	-	-
Joint venture	463	-	-	-
	<u>3,222</u>	<u>6,901</u>	<u>-</u>	<u>-</u>
Rental and service expenses				
Parent company	<u>2,292</u>	<u>4,417</u>	<u>2,292</u>	<u>4,417</u>
Other expenses				
Parent company	266	436	157	333
Related companies	24	75	24	75
	<u>290</u>	<u>511</u>	<u>181</u>	<u>408</u>

During 2017, the Group had been support for produce Thai films from ultimate parent company in totalling amount of Baht 50.00 million. These Thai films was release during the period and recognised as Cost of films production and film rights sold.

Pricing policies for related party transactions are as follows:

Pricing policies	
Advertising fees	Agreed prices as stipulated in the agreements
Film rights	Agreed prices as stipulated in the agreements
Rental and services	Agreed prices which approximate to market price
Interest charge	Agreed rates at 2.00% per annum to 4.12% per annum
Management fees	Agreed prices as stipulated in the agreements

28 Related party transactions (Cont'd)

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

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

	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade accounts receivable (included in "Trade accounts receivable and other receivables")				
Parent company	564	1,181	-	-
Subsidiaries	-	-	-	1,070
Related companies	161	-	-	-
Joint ventures	1,892	2,163	-	86
Total trade accounts receivable	2,617	3,344	-	1,156
Accrued income				
Parent company	783	1,980	-	-
Related companies	571	3,356	-	-
Joint ventures	1,527	469	-	-
Total accrued income	2,881	5,805	-	-
Trade accounts receivable and accrued income, net	5,498	9,149	-	1,156
<u>Less</u> Allowance for doubtful account	-	-	-	-
Trade accounts receivable and accrued income, net	5,498	9,149	-	1,156
Amounts due from related parties				
Parent company	-	104	-	30
Subsidiaries	-	-	1,030	1,734
Related company	-	16,800	-	-
Joint ventures	3,279	4,769	15	4,510
Total amounts due from	3,279	21,673	1,045	6,274
<u>Less</u> Allowance for doubtful account	-	-	-	-
Amount due from related parties, net	3,279	21,673	1,045	6,274
Guarantee paid for rental and service (included in "Non-current assets")				
Parent company	1,253	1,253	1,253	1,253

28 Related party transactions (Cont'd)

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

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

	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade accounts payable (included in "Trade accounts payable and other payables")				
Parent company	-	324	-	-
Related companies	-	81	-	-
Joint venture	19,013	-	-	-
Total trade accounts payable	19,013	405	-	-
Amount due to related parties				
Parent company	51	568	51	53
Related companies	110	20	-	-
Joint venture	-	45	-	-
Committee	549	572	549	572
Total amount due to related parties	710	1,205	600	625
Guarantee deposits for rental and service (included in "Other non-current assets")				
Subsidiaries	-	-	747	747

iv) Short-term loans to related parties

	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Subsidiaries				
At 1 January - net	-	-	780,100	842,300
Loans made during the year	-	-	240,800	322,100
Loans repaid during the year	-	-	(478,900)	(328,000)
<u>Less</u> Allowance for doubtful account on loans to subsidiary	-	-	-	(56,300)
At 31 December - net	-	-	542,000	780,100
Joint venture				
At 1 January	8,000	-	8,000	-
Loans made during the year	2,000	8,000	2,000	8,000
Loans repaid during the year	(5,000)	-	(5,000)	-
At 31 December	5,000	8,000	5,000	8,000
Total short-term loans To related parties	5,000	8,000	547,000	788,100

28 Related party transactions (Cont'd)
iv) Short-term loans to related parties (Cont'd)

Loans to subsidiaries are unsecured and carry interest at the rate of 2.00% per annum and 4.10% per annum (2016: 2.00% per annum) and are due at call.

Loans to joint venture are unsecured and carry interest at the rate of 2.98% per annum and 4.12% per annum (2016: 2.98% per annum) and are due at call.

In 2017, the Company wrote off loans to subsidiary which already provided for related allowance of Baht 56.30 million. Such write-offs were already approved by the Board of Directors.

v) Key management compensation

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

	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	12,496	11,792	12,496	11,792
Post-employee benefits	299	499	299	499
	<u>12,795</u>	<u>12,291</u>	<u>12,795</u>	<u>12,291</u>

29 Commitments and contingencies
i) Operating lease commitments - where a Group Company is the lessee

As at 31 December 2017, the Company and its subsidiaries had commitments in respect of long-term lease of land, buildings and service contracts to a related party and third parties. The future aggregate minimum lease and service payments under non-cancellable contracts are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Not later than 1 year	1.21	1.89	0.24	3.62
Later than 1 year but not later than 5 years	0.48	0.92	0.08	7.07
Total operating lease commitments	<u>1.69</u>	<u>2.81</u>	<u>0.32</u>	<u>10.69</u>

ii) Commitments from purchase of film rights

As at 31 December 2017, the Group had commitments in respect of purchases of film rights amounting to USD 1.07 million and Baht 1.21 million payable over the next two years (2016: USD 1.06 million and Baht 1.97 million).

iii) Commitments from film productions

As at 31 December 2017, 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 69.94 million (2016: Baht 63.10 million).



M PICTURES

M Pictures Entertainment Public Company Limited

234 Suzuki Avenue Building (Rachayothin) 13th Floor, Ratchadapisek Rd.,
Ladyao, Jatuchak, Bangkok 10900 Thailand.

Tel. +66 (2) 512 0300

Fax. +66 (2) 512 0301, +66 (2) 512 0302

Website : www.mpictures.co.th