

M PICTURES  
ANNUAL  
REPORT  
2020



# CONTENT

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS	1	CORPORATE MANAGEMENT STRUCTURE	23
THE BOARD OF DIRECTORS	2	REMUNERATION OF THE BOARD OF DIRECTORS, EXECUTIVES AND STAFFS	29
ORGANIZATION CHART	5	AUDIT FEE	30
SHAREHOLDING STRUCTURE	6	MAJOR SHAREHOLDERS	31
GENERAL INFORMATION OF THE COMPANY	7	CONNECTED TRANSACTIONS	32
COMPANY MILESTONE	10	OPERATION HIGHLIGHT	38
NATURE OF BUSINESS	11	MANAGEMENT DISCUSSION & ANALYSIS	39
RISK FACTORS	14	AUDIT COMMITTEE'S REPORT	42
CORPORATE GOVERNANCE	16	RESPONSIBILITY STATEMENT OF THE BOARD TO FINANCIAL STATEMENT	43
INTERNAL CONTROL	21	ANNEX: 2019 FINANCIAL STATEMENT	

## **MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS**

Dear shareholders,

The situation of the COVID-19 epidemic since the beginning of 2020 has caused the world economy to face severe crisis Causing impacts both on life The economy and society are enormous. This resulted in the economic slowdown and halt. Various locations including cinemas around the world must be closed accordance with the epidemic control measures. As a result, many films had to be postponed or had to take a break shooting. Although the overall of Thailand is able to cope with the first outbreak very well but at the end of the year, it had to face a new wave of outbreaks. As a result, even if the cinema was opened, it still could not run the business at full capacity.

Regarding the M Pictures Group has been greatly affected as well but this year we still have the highest grossing Thai movies such as “Riam Fighting Angle” and the animated movie “Demon Slayer” that the company bought the film rights to distribute. This makes the group of companies foresaw an opportunity to produce both Thai films by themselves and find a venture capitalist also push more the Asian anima-tion films into the film industry in Thailand. In addition, the M Pictures Group has developed and improved the efficiency of Thai films production go together expanding and adding more income channels such as VOD Platform, cable TV, digital online channels to keep up with the changes in consumer technology be-havior. It also focuses on the management of cost control and expenses to be more efficient.

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

Sincerely Yours,



Mr Tirachai Vutithum

Chairman of the Board of Directors

## THE BOARD OF DIRECTORS



**Mr. Tirachai Vuttithum** Age: 70 years

Independent Director and Chairman of the Board of Director

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

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

- American Coast University, Bachelor Degree in Psychology

- Ramkumhaeng University, Bachelor Degree in Business Administration

Current Position:

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

Experience:

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



**Mr. Vicha Poolvaraluk** Age: 57 years

Director and Vice Chairman of the Board of Director

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

- Chulalongkorn University, Bachelor Degree of Business Administration

Current Positions:

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



**Mr. Thanakorn Puriwekin** Age: 64 years

Director and Chief Executive Officer

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

- Bangkok University, Bachelor Degree of Business Administration

Current Positions:

- Director and Chief Executive Officer, M Pictures Entertainment Plc.
- Director, Major Cineplex Group Plc.
- Director, EGV Entertainment Plc.
- Director, Transformation Films Co.,Ltd.
- Director, M Talent Co.,Ltd.
- Director, Tai Major Co.,Ltd.
- Director, Last Idol (Thailand) Co.,Ltd.



**Mr. Thanachai Santichaikul** Age: 66 years

Independent Director , Risk Committee and Chairman of Audit Committee

Education: - Thammasat University, Master Degree of Business Administration

- Chulalongkorn University, Bachelor degree of Accountancy

- Chulalongkorn University, Faculty of Commerce and Accountancy, Certificate of Accounting Auditing

Current Positions:

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



**Mr. Vachara Tuntariyanond** Age: 62 years

Independent Director , Chairman of Risk Committee and Audit Committee

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

Current Positions:

- Director, Southeast Capital Co., Ltd.
- Independent Director Audit Committee, Asset World Corp Plc.
- Director, Thai Airways Plc.
- Independent Director, Audit Committee and Chairman of Risk Committee M Pictures Entertainment Plc.
- Director and Chairman of Board of Director, Krungthai Asset Management Plc.
- Director and Chairman of Board of Director, Eastern Polymer Group Plc.



**Mr. Natchanon Komutputipong** Age: 47 years

Independent Director , Audit Committee and Risk Committee

Education: - Ph.D. in Accounting and Finance, Lancaster University, Lancaster, UK

- Master of Accounting, The University of North Carolina at Chapel Hill, NC, USA

- Master of Science in Professional Accounting, Michigan State University, MI, USA

- Bachelor of Arts, Ramkhamhaeng University

- Bachelor of Accountancy, Chulalongkorn University

Current Positions:

- Independent Director, Audit Committee and Audit Committee, M Pictures Entertainment Plc.
- Independent Director, Chairman of the Audit Committee, Chairman of the Corporate Governance Committee and the Nomination Committee, Noble Development Plc.
- Assistant to the President for Accounting and Finance, Chulalongkorn University.



**Ms. Thitapat Issarapornpat** Age: 52 years

Director , Risk Committee and Acting on behalf of Company Secretary

Education: - Chulalongkorn University, Master of Business Administration

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

Current Positions:

- Director and Risk Committee , M Pictures Entertainment Plc.
- Chief Finance Officer, Risk Committee , Compliance Committee and Company Secretary, Major Cineplex Group Plc.
- Director, Siam Future Development Plc.
- Director, Major Kantana Broadcasting Co.,Ltd
- Director, EGV Entertainment Plc.
- Director, ThaiTicketMajor Co., Ltd.
- Director, Tai Major Co.,Ltd.
- Director, CJ Major Entertainment Co.,Ltd.



**Mr. Apichart Kongchai** Age: 55 years

Director

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

- Chiangmai University, Bachelor of Science Sociology and Anthropology

Current Positions:

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



**Mr. Apirak Varachanonth** Age: 47 years

Director and Risk Committee

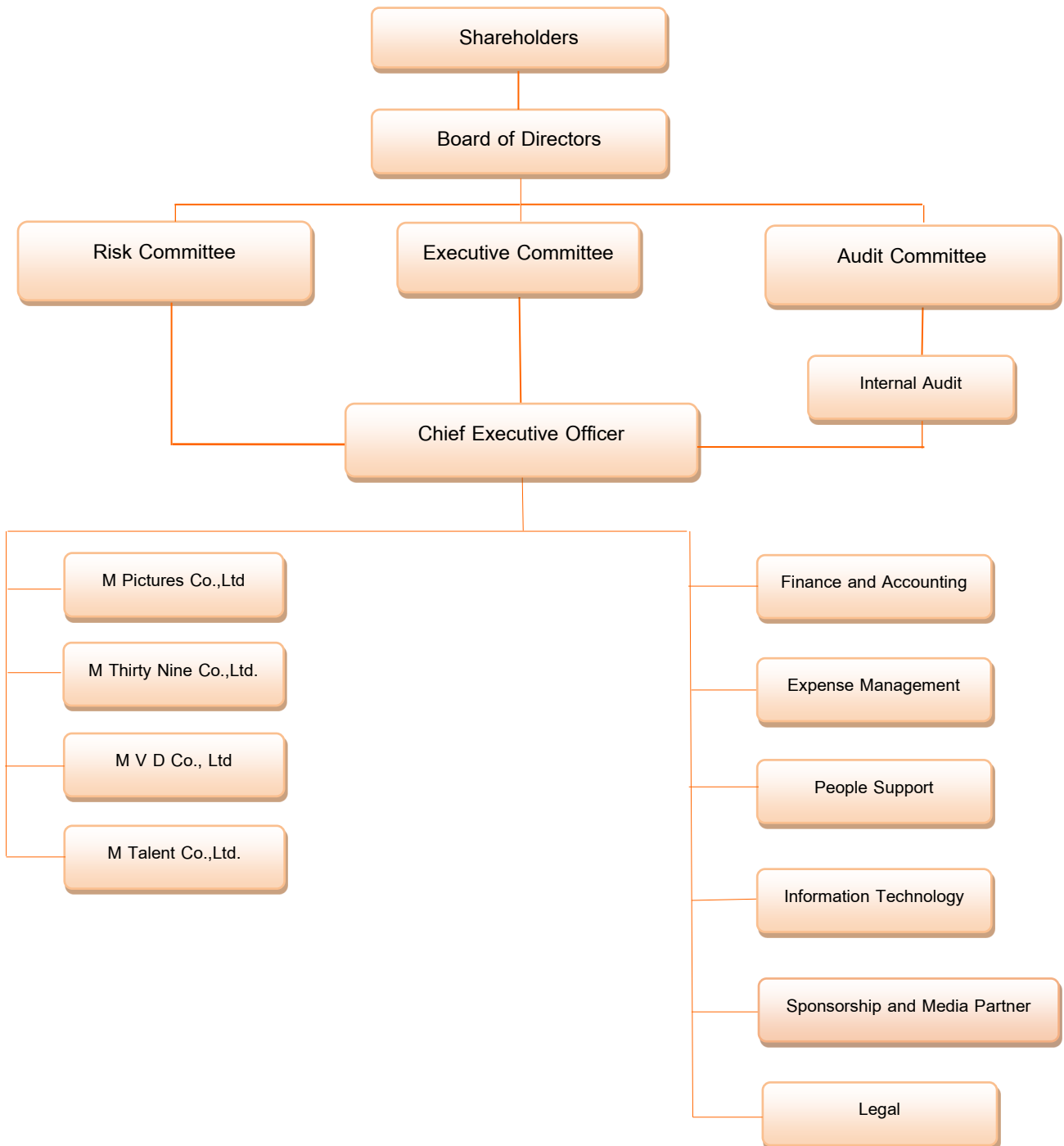
Education: - Mahidol University, Master of Arts (Population and Social Research)

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

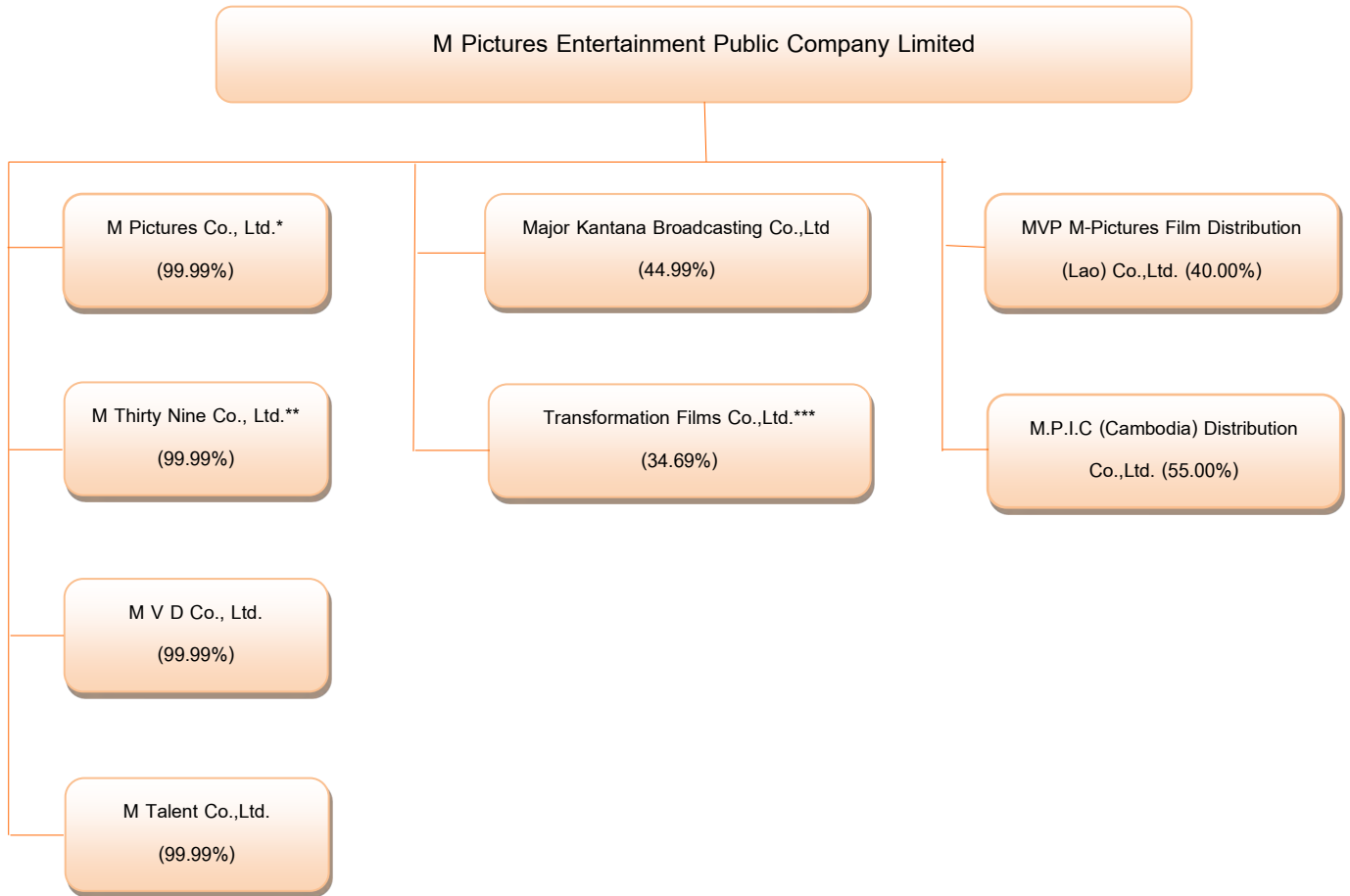
Current Positions:

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

# ORGANIZATION CHART



# SHAREHOLDING STRUCTURE



**\* Investment in Joint Venture under M Pictures Co. Ltd.**

- Joint Venture Sangkrasue (30%)
- Joint Venture Khun Phaen Fah Feun (51%)
- Joint Venture That March (14%)
- Joint Venture Our Love Forever (14%)
- Joint Venture Classic Again (39%)
- Joint Venture Keun Yuttitham (70%)
- Joint Venture Hug Terd Tueng (55 %)
- Joint Venture Daeng Prakanong (55%)

**\*\* Investment in Joint Venture under M Thirty Nine Co. Ltd.**

- Joint Venture Bikeman (70%)
- Joint Venture Bikeman 2 (55%)
- Joint Venture Gang Tann Zing and Laan 25 Naa 24 (70%)
- Joint Venture Sam Gler Hua Kaeng and Juad Kathoei bung Fai (70%)

**\*\*\* Investment in Joint Venture under Transformation Films Co. Ltd.**

- Joint Venture Sangkrasue (40%)
- Joint Venture Atchariya Tong Sang (35%)



# GENERAL INFORMATION OF THE COMPANY

## Subsidiaries, Associates and Joint Ventures

### 1. M Pictures Entertainment Plc.

Type of business	:	Invests in subsidiaries in entertainment media business and also invests in through subsidiaries.
Company Registration No.	:	0107544000124
Address	:	234 , 234/1-3 Rachayothin Avenue 3rd Floor, Room No. B301-306 Ratchadapisek Road,\Ladyao, Jatuchak, Bangkok 10900
Website	:	<a href="http://www.mpictures.co.th/mpic/investors">www.mpictures.co.th/mpic/investors</a>
Telephone	:	02-5120300
Fax	:	02-5120301, 02-5120302
Number/Type of Shares	:	Ordinary share 1,313,117,176 shares / Paid-up share 1,300,119,176 shares

### 2. M Pictures Co.,Ltd.

Type of business	:	Provides and distributes film copyrights which engaged in film business by being the importer copyrights of International films especially from the important international film festivals, Asian independent film studios including Thai films and produces Thai films for service to Cinemas and license to home entertainment media manufacture.
Address	:	234 , 234/1-3 Rachayothin Avenue 3rd Floor, Room No. B301-306 Ratchadapisek Road,\Ladyao, Jatuchak, Bangkok 10900
Website	:	<a href="http://www.mpictures.co.th">www.mpictures.co.th</a>
Telephone	:	02-5120300
Fax	:	02-5120301, 02-5120302
Number/Type of Shares	:	Ordinary Share 1,500,000 Shares

### 3. M V D Co.,Ltd.

Type of business	:	Provide film copyrights both international and Thai films to home entertainment media manufacture.
Address	:	234 , 234/1-3 Rachayothin Avenue 3rd Floor, Room No. B301-306 Ratchadapisek Road,\Ladyao, Jatuchak, Bangkok 10900
Website	:	<a href="http://www.mvd.co.th">www.mvd.co.th</a>
Telephone	:	02-5120300
Fax	:	02-5120301, 02-5120302
Number/Type of Shares	:	Ordinary Share 52,250,000 Shares

#### 4. M Thirty Nine Co.,Ltd.

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

#### 5. M Talent Co.,Ltd.

Type of business : Thai film production studio  
Address : 234 , 234/1-3 Rachayothin Avenue 3rd Floor, Room No. B301-306  
Ratchadapisek Road,\Ladyao, Jatuchak, Bangkok 10900  
Telephone : 02-5120300  
Fax : 02-5120301, 02-5120302  
Number/Type of Shares : Ordinary Share 400,000 Shares

#### 6. Major Kantana Broadcasting Co.,Ltd.

Type of business : Operating cable Television business.  
Address : 32 Wachiratham Sathit 49, Bang Chak, Phra Khanong, Bangkok, 10260  
Telephone : 02-0505436  
Fax : -  
Number/Type of Shares : Ordinary Share 6,000,000 Shares

#### 7. Transformation Films Co.,Ltd.

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

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

Type of business : Films distribution company in Lao  
Address : 4th Floor, Vientiane Centre Shopping Mall ,No 13,Kouvieng Road, Nongchan  
Village, Sisatannak District, Vientiane Capital, Lao People's Democratic Republic  
Telephone : 856-21-520451  
Fax : 856-21-222262  
Number/Type of Shares : Ordinary Share 200,000 Shares

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

Type of business : Films distribution company in Cambodia  
Address : 298, 1st Floor, Preah Monivong Boulevard, Sangkat Beung Raing, Khan Daun  
Penh, Phnom Penh, Cambodia.  
Telephone : -  
Fax : -  
Number/Type of Shares : Ordinary Share 200,000 Shares

## **COMPANY MILESTONE**

M Pictures Entertainment Plc. (Previous name: Traffic Corner Holdings Public Company Limited ) (“the Company”) was established on November 5, 2001 with an initial registered capital of THB 15 million. The objective of the Company is to invest in mass media companies, especially marketing management of sports events and news programs on radio and television. Afterward, the Company have merged with M Pictures Co.,Ltd. in order to extend the business to film entertainment business by providing Cinemas, DVD-VCD-Blu-Ray manufacturers, Free TV, Cable TV, Pay TV, and Digital Pay TV, film copyrights. Moreover, the company has invested in Thai film production through the Company’s subsidiaries since 2011. As of December 31, 2019, there is THB 656,558,588 of registered capital and THB 650,059,588 paid-up capital

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

2008	M Pictures Co.,Ltd. which engaged in film business by being the importer of copyrights of International films especially from various sources such as important international film festivals, Asian independent film studios for feeding Cinemas.
2009	M V D Co.,Ltd. (previous name: Pacific Marketing and Entertainment group Co.,Ltd.) which engages in film business by providing Thai and international film copyrights to manufacture home entertainment media. Resulted from investing in MVD, the Company becomes a major shareholders and parent company of M Thirty Nine Co., Ltd. (M39) and Pacific Media Sales Co.,Ltd. which was MVD’s subsidiaries.
2010	the Company has restructured and invested in M Thirty Nine Co.,Ltd. (M39) which engages in the business of Thai film production replacing M V D Co.,Ltd.
2013	The Company has invested additionally in 2 companies; Talent One Co.,Ltd. ( Present name; M Talent Co.,Ltd.) (Thai films production studio and book publisher) and Major Kantana Broadcasting Co.,Ltd (Cable TV) to strengthen our business and be suitable for the market and consumer at that time.
2014	The Company joint invested in Thai film studio, Transformation Films Co.,Ltd., with True Icontent Co.,Ltd., Matching Studio Plus Co.,Ltd and Bangkok Film Studio Co.,Ltd.
2015	The Company joint invested with MVP Entertainment Pte. (Singapore) established MVP M-PICTURES Film Distribution (Lao) Co., Ltd. aims to distribute films’ rights in Lao PDR.
2018	The Company joint invested with MVP Entertainment Pte. (Singapore) and Sabay Digital Corp Ltd. established M.P.I.C (Cambodia) Distribution Co., Ltd. aims to distribute films’ rights in Cambodia.
2019	The Company has remodeled the film production unit to find potential investors and strategic partners to invest in Thai Films and restructure the Company’s financial status by decreasing the registered capital and paid-up capital
2020	The Company has focused on Thai film production and selecting foreign films to be diverse in order to reach more audiences of all groups.

## NATURE OF BUSINESS

M Pictures Entertainment Plc. invested in companies engaged in the movie media business, provides and acquires Thai and International films copyrights for cinema, provides rights to Free TV, Cable TV, Pay TV , Video on Demand and other digital media. In addition, the Company has invested in Thai Film Production and Home entertainment business which generated the most revenue for the Group.

No.	Company	Nature of Business	Channel
1.	M Pictures Entertainment Plc.	Engage business of providing and buying Asian & International film copyrights and invests in home entertainment media business and Thai films Production.	Through subsidiaries
2.	M Pictures Co.,Ltd.	Acquire and buy Asian and International films copyrights from well-known studio and produces Thai films as production studio.	Theatrical and non-theatrical Channel.
3.	M Thirty Nine Co.,Ltd.	Thai Films Production studio	Theatrical and non-theatrical Channel
4.	M V D Co., Ltd.	Requisite and buy Thai and international film copyrights for home entertainment media.	Home entertainment media
5.	M Talent Co.,Ltd.	Thai film and Thai series production studio	Theatrical and non-theatrical Channel.
6.	Major Kantana Broadcasting Co.,Ltd.	Cable T.V. and Satellite T.V.	Via M Channel
7.	Transformation Films Co.,Ltd.	Thai Films Production studio	Theatrical and non-theatrical Channel
8.	MVP M-Pictures Film Distribution (Lao) Co.,Ltd.	Films' distribution company in Lao PDR	Theatrical and non-theatrical Channel
9.	M.P.I.C (Cambodia) Distribution Co.,Ltd.	Films' distribution company in Cambodia	Theatrical and non-theatrical Channel

## Marketing Strategies

- **Strategy on movie quality**

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

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

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

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

- **Strategy on consumers' preference**

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

Target Group;

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

## Competitive Potential

### *M Picture Entertainment PLC*

The Group is operating a comprehensive range of movie business, consisting of a foreign film rights importing and distribution business and Thai film production business. 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 focused on exploit films rights via digital platforms to match life style of consumers such as Netflix also distributes films' rights to international market such as Cambodia, Laos, Vietnam and Hong Kong and also in worldwide films' festival such as Cannes festival.

### *M Pictures Co.,Ltd*

In the past year, the economic slowdown due to the situation of the COVID-19 epidemic which affected bringing movies to show in theaters was interrupted between the first quarter of the second quarter but the Company has tried to compensate by bringing more Thai and foreign films in the third and fourth quarter that drive business of the company. Besides, competition in this business is not tough because there are a small number of players and each of them have owned target. In view of these factors, together with the fact that the Company has several and definite marketing channels, there is no concern about competition with other peers.

### *M V D Co.,Ltd.*

The overall of the home entertainment business is no longer popular. The company has change position from manufacturing to licensing films' rights to our partners to manufacture and sell VCDs and DVDS for reducing risk of inventory and also reducing management fee.

### *M Thirty Nine Co.,Ltd. / M Talent Co.,Ltd. / Transformation Films Co.,Ltd.*

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

## RISK FACTORS

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

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

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

- **Risk Regarding Consumers' Tastes**

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

successful such as E Riam Angle Fighting, Mon Rak Dok Puk Bung and Demon Slayer .

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

- **Risk Regarding Exchange Rates**

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

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

- **Risk from Interest Rate**

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

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



- **Risk from Business Competition**

In an overall picture, the competition in the business of acquiring and distributing films of the Company in the year of 2020 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 and there are more channels to view. 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 exploit the films produced by the Group and those in which the copyrights have been purchased. This advantage is deemed a significant strong point of the Company when compared to its business competitors.

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

- **Risk from Copyright Infringements**

The spread of pirated goods and internet infringement are important problems that impair the growth of the motion picture business in Thailand a lot. Manufacturers and distributors of proper copyrights in Thailand have suffered impacts from these problems continuously. The Group, which conducts the business of distributing licenses and producing films for theater shows as well as manufacturing and distributing film media 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 illegal movie link. 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 2020, 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.

- **Risk from unforeseen circumstances**

Due to Covid-19 outbreak in 2020, all Cinemas in Thailand were ceased for a while that affected Company's revenue. The Company has managed and planned cautiously films' right distribution in other channel to compensate Company's revenue. Fortunately, the Company has effective business partner exploited our contents in Free TV, Cable TV and VOD channel. Moreover, the Company could exploit our contents immediately when the Covid-19 circumstance was unfolding which generate revenue for working fund of the Company.

# CORPORATE GOVERNANCE

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

## 1. Setting the Corporate Governance Policy

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

## 2. Rights and Equality of Shareholders

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

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

### 3. Stakeholders' Rights

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

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

### 4. The Shareholders' Meeting

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

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

### 5. Role, Leadership, and Vision

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

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

Director Certification Program

Mr. Vicha Poolvaraluk  
Mr. Thanachai Santichaikul  
Mr. Vachara Tuntariyanond  
Ms. Thitapat Issarapornpat

Director Accreditation Program

Mr. Tirachai Vutithum  
Mr. Thanakorn Puriwekin  
Mr. Natchanont Komutputipong

## 6. Conflict of Interest

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

## 7. Business Ethics

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

## 8. Balance amongst Non Executive Directors

As of 31 December 2020, there were 9 directors in the Company as follows:

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

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

## 9. Combining/Separating of Positions

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

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

## 10. Remuneration of Directors and Executives

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

## 11. Board of Directors' Meeting

In 2020, the Company held 7 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 and Risk 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](http://www.mpictures.co.th/mpic/investors)]

#### 16. Overseeing Usage of Internal Information

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

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

# INTERNAL CONTROL

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

The Board of Directors and Management term are responsible for the Company in remaining the Company's internal control system. In the Board of Directors' Meeting No.1/2021 hold on February 12, 2021 which the Independent Directors and the Audit Committee attended, considered and evaluated the adequacy of the Company's Internal Control System in 5 aspects as follows;

## 1. Organization and environmental conditions

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

## 2. Risk management

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

## 3. Supervision of executive performance

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

#### 4. Information system and communication

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

#### 5. Follow up process

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

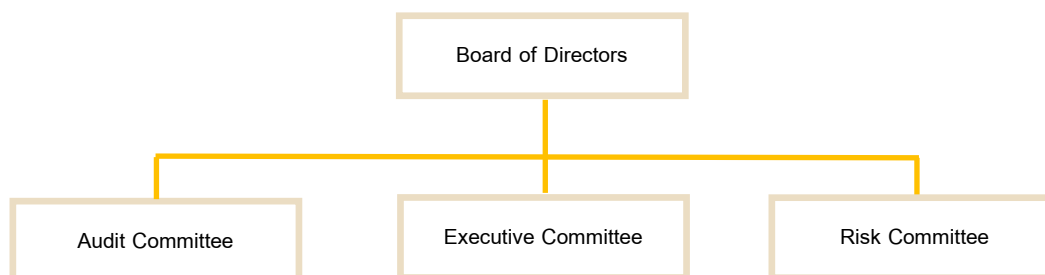
The Board of directors and the Audit Committee of the Company are agree with Auditor who has reviewed the efficiency of the Company and Group's internal control, that the Company and subsidiaries have adequate and appropriate internal control systems fit to nature of the Company and subsidiaries business, which are capable in protection of the Company's assets from executives' misuse or insufficient authorized usage. No significant defect was found in the accounting internal control system which would require the financial auditor's comments to be included in the 2020 financial statements.

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



# CORPORATE MANAGEMENT STRUCTURE

Corporate Management Structure of the Company consists of 4 committees, namely the Board of Directors, Audit Committee, Executive Committee and Risk Management. The scope of work and authority of each committee are as following:



## 1. Board of Director

As of December 31, 2020, there were Directors in the Board of Directors as namely below;

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

*Remark: \*Mr. Attapon Chodchoy passed away at 22 September 2020.*

*Mr. Natchanont Komutputipong has been appointed as Independent Director/ Audit Committee/ Risk Committee at 11 November 2020.*

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

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

## ROLE AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

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

## **2. Audit Committee**

As of 31 December 2020, the Audit Committee consisted of 3 directors as follows:

- |    |                |               |                                 |
|----|----------------|---------------|---------------------------------|
| 1. | Mr. Thanachai  | Santichaikul  | Chairman of the Audit Committee |
| 2. | Mr. Natchanont | Komutputipong | Audit Committee                 |
| 3. | Mr. Vachara    | Tuntariyanond | Audit Committee                 |

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

## ROLE AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

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

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

### 3. Risk Committee

As of 31 December 2020, the Risk Committee consisted of 6 directors as follows:

1.	Mr. Vachara	Tuntariyanond	Chairman of Risk Committee
2.	Mr. Thanachai	Santichaikul	Risk Committee
3.	Mr. Natchanon	Komutputipong	Risk Committee
4.	Ms. Thitapat	issarapornpat	Risk Committee
5.	Mr. Apirak	Varachanonth	Risk Committee
6.	Mr. Nipon	Sunthrajarn	Risk Committee

#### ROLE AND RESPONSIBILITIES OF RISK COMMITTEE

1. Assessing and presenting policies, set risk management policy and framework and propose to the Board of Directors for approval.
2. Examining and agreeing on acceptable risk levels, approve risk management plans and present to the Board of Directors.
3. Continuously monitoring, develop and comply with policies and the risk management framework so the MPIC Group will have a risk management system that is uniformly effective throughout the organization to ensure that policies continue to be observed.
4. Assessing risk identification and assessment procedures, report on significant risk management activities and enforce procedures to ensure that the organization has sufficient and appropriate risk management systems in place.
5. Coordinating with the Audit Committee about significant risk factors and appoint an internal risk assessment team to ensure that the MPIC Group's risk management system is appropriate to the exposure, adapted as needed and adopted throughout the organization.
6. Continually reporting to the Board of Directors on significant risks and risk management solutions.
7. Appointing Sub-Committees and/or additional related personnel, or replacements in the Risk Management Committee and/or the Department and/or the working team that is related to managing risks as necessary, as well as determine their roles and responsibilities in order to achieve the objectives.
8. Executing other activities that pertain to managing risks as assigned by the Board of Directors.

#### 4. Executive Committee

As of 31 December 2020, the Company's Executive Committee was consisted of 3 persons as below:

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

#### ROLE AND RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE

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

#### 5. Executive Management Team

As of 31 December 2020, Executive team of Companies consists of 2 executives as follows:

1. Mr. Thanakorn Puriwekin Chief Executive Officer
2. Mr. Pornchai Wongsriudompor Chief Operation Officer

#### Scope of operation approval authority Board of Director and Management Team

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

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

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

## BOARD OF DIRECTORS' MEETING

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

In 2020, the following meetings were held:

Board of Directors' Meeting	7	times
Audit Committee's Meeting	4	times
Risk Committee's Meeting	4	times
Annual General Shareholders' Meeting	1	times

No.	Name		Board of Director Meeting	Audit Committee Meeting	Risk Committee Meeting	Annual General Meeting of Shareholder
1	Mr. Tirachai Vutithum		7/7	-	/	/
2	Mr. Vicha Poolvaraluk		7/7	-	/	/
3	Mr. Thanakorn Puriwekin		7/7	-	/	/
4	Mr. Thanachai Santichaikul		7/7	4/4	4/4	/
5	Mr. Vachara Tuntariyanond		7/7	4/4	4/4	/
6	Mr. Attapon Chodchoy*		5/5	2/3	2/3	/
7	Mr. Natchanont Komutputipong*		0/0	0/0	0/0	-
8	Ms. Thitapat Issarapornpat		7/7	-	4/4	/
9	Mr. Apichart Kongchai		7/7	-	-	/
10	Mr. Apirak Varachanonth		7/7	-	4/4	/

Remark: \*Mr. Attapon Chodchoy passed away at 22 September 2020.

Mr. Natchanont Komutputipong has been appointed as Independent Director/ Audit Committee/ Risk Committee at 11 November 2020.

## DEFINITION OF INDEPENDENT DIRECTOR

- “Independent director” means fully qualified persons with independence as determined by the Stock Exchange of Thailand as followed;
1. Amount and elements of Independent Director shall have at least 1/3 of the Board of Directors and shall not less than 3 independent Director
  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
  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.
- 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.

## **REMUNERATION OF THE BOARD OF DIRECTORS, EXECUTIVES AND STAFFS COST**

### Remuneration of the Board of Directors

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

#### Monetary Remuneration

The remunerations of 10 Board of Directors totaled 638,342 baht in the form of remuneration and meeting allowances:

No	Name of Board of Directors		Amount (Baht)
1	Mr. Tirachai	Vuttithum	82,500
2	Mr. Vicha	Poolvaraluk	97,500
3	Mr. Thanakorn	Puriwekin	64,500
4	Mr. Thanachai	Santichaikul	111,000
5	Mr. Attapon	Chodchoy	53,250
6	Mr. Vachara	Tuntariyanond	78,000
7	Mr. Natchanont	Komutputipong*	6,092
8	Ms. Thitapat	Issarapompat	64,500
9	Mr. Apichart	Kongchai	40,500
10	Mr. Apirak	Varachanonth	40,500

Non-monetary Remuneration: No

### Remuneration of Executives and Staffs

As of December 31, 2020, there are 46 employees (Executives and Staffs) in the Company and subsidiaries as detailed follows

Company	Amount (People)
1. Executives and Staffs of M Pictures Entertainment Plc.	20
2. Executives and Staffs of M Pictures Co.,Ltd.	26
TOTAL	46

As at end of 2020, total remuneration featuring with salary, providence fund and other welfares of all executives and staffs of the Company and subsidiaries is approximately THB 28.38 million.

## AUDIT FEE

In the 2020, 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 4,131,500 baht.

Company	Amount (Baht)
M Pictures Entertainment Plc.	2,350,000
M Pictures Co., Ltd.	710,000
M V D Co., Ltd.	120,000
M Thirty Nine Co., Ltd.	550,000
M Talent Co., Ltd	150,000
Joint Venture Bikeman	14,000
Joint Venture Bikeman 2	33,000
Joint Venture Joint Venture Gang Tann Zing and Laan 25 Naa 24	91,000
Joint Venture Hug Terd Tueng	71,500
Joint Venture Sam Gler Hua Kaeng and Juad Kathoei Bung Fai	42,000
TOTAL	4,131,500

### Non- Audit fee

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



## MAJOR SHAREHOLDERS

Information as of 1 March, 2021

	Name	Shares	%
1.	Major Cineplex Group Plc.	1,202,130,480	92.46
2.	Mrs. Pornnapat Ongvasith	18,913,300	1.46
3.	Mr. Varut Tantipiphob	11,727,800	0.90
4.	Ms. Supitsara Chatkul na Ayuttaya	7,986,600	0.61
5.	Ms. Sasithorn Ake-Attasit	7,680,000	0.59
6.	Mrs. Poonatree Sawangwongsakul	7,218,200	0.56
7.	Ms. Pranee Chuachetton	6,772,000	0.52
8.	Mr. Chairat Saetung	5,379,600	0.41
9.	Mrs. Surang Preampri	5,000,000	0.39
10.	Mr. Sasithorn Ongvasith	2,079,400	0.16

## CONNECTED TRANSACTIONS

Person/ Juristic person who may have conflict of interest	% of Ownership interest	Type of transaction	Amount (MB)	Detail/Condition
Major Cineplex Group Plc.	92.46% direct holding	<b>Revenue</b>		
		1. Revenue sharing	89.40	Revenue sharing from theatrical release. This is a normal business transaction.
		<b>Expense</b>		
		1. Theatrical services	1.11	This is a normal business transaction.
		2. Advertising	1.73	This is a normal business transaction.
		3. Rental and services	0.31	Rental space and services for company's office.
		Trade accounts receivable	15.90	This is a normal business transaction.
		Accrued income	34.10	This is a normal business transaction.
		Trade payables	0.73	This is a normal business transaction.
		Trade payables from related party	36.09	This is a normal business transaction.
M.P.I.C (Cambodia) Distribution Co.,Ltd.	Associate which 55% direct holding	<b>Revenue</b>		
		1.Film rights revenue	0.39	This is a normal business transaction.
		Trade accounts receivable	2.34	This is a normal business transaction
Joint Venture Sang Krasue	Associate which 30% indirect holding by M Pictures Co., Ltd.	<b>Revenue</b>		
		1. Management Fee	0.12	This is a normal business transaction
		2. Film rights revenue	0.24	This is a normal business transaction

Person/ Juristic person who may have conflict of interest	% of Ownership interest	Type of transaction	Amount (MB)	Detail/Condition
Joint Venture Khun Phaen Fah Feun.	Associate which 51% indirect holding by M Pictures Co., Ltd.	<b>Revenue</b>		
		1. Management fee	0.12	This is a normal business transaction.
		2. Film rights revenue	1.50	This is a normal business transaction.
		Trade accounts receivable	0.45	This is a normal business transaction.
		Trade payables	1.74	This is a normal business transaction.
Joint Venture That March.	Associate which 14% indirect holding by M Pictures Co., Ltd.	<b>Revenue</b>		
		1. Film rights revenue	0.09	This is a normal business transaction.
		Trade accounts receivable	0.06	This is a normal business transaction.
		Accrued income	0.03	This is a normal business transaction.
		Trade payables	0.02	This is a normal business transaction.
Joint Venture Our Love Forever	Associate which 14% indirect holding by M Pictures Co., Ltd.	<b>Revenue</b>		
		1. Film rights revenue	0.04	This is a normal business transaction.
		Accrued income	0.04	This is a normal business transaction.
		Trade payables	0.10	This is a normal business transaction.
Joint Venture Classic Again	Associate which 39% indirect holding by M Pictures Co., Ltd.	<b>Revenue</b>		
		1. Film rights revenue	0.10	This is a normal business transaction.
		Trade accounts receivable	1.01	This is a normal business transaction.
		Accrued income	0.09	This is a normal business transaction.

Person/ Juristic person who may have conflict of interest	% of Ownership interest	Type of transaction	Amount (MB)	Detail/Condition
Joint Venture Kuen Yuttitham	Associate which 70% indirect holding by M Pictures Co., Ltd.	<b>Revenue</b>		
		1. Management fee	0.12	This is a normal business transaction.
		2. Film rights revenue	19.96	This is a normal business transaction.
		Trade accounts receivable	4.10	This is a normal business transaction.
		Accrued income	0.17	This is a normal business transaction
		Trade payables	12.83.10	This is a normal business transaction
Joint Venture Daeng Prakanong	Associate which 55% indirect holding by M Pictures Co., Ltd.	<b>Revenue</b>		
		1. Management fee	0.05	This is a normal business transaction.
		Trade accounts receivable	0.14	This is a normal business transaction
Joint Venture Atchariya Tong Sang	Associate which 35% indirect holding by Transformation Films Co., Ltd.	<b>Revenue</b>		
		1. Management fee	0.12	This is a normal business transaction.
		2. Film rights revenue	0.26	This is a normal business transaction.
		Trade accounts receivable	0.01	This is a normal business transaction
Joint Venture Hug Terd Tueng	Associate which 55% indirect holding by M Pictures Co., Ltd.	<b>Revenue</b>		
		1. Management fee	0.05	This is a normal business transaction
		2. Film rights revenue	0.27	This is a normal business transaction.
		Accrued income	0.21	This is a normal business transaction
Joint Venture Bikeman	Joint operation which 70% indirect holding by M Thirty Nine Co., Ltd.	<b>Revenue</b>		
		1. Management fee	0.04	This is a normal business transaction
Joint Venture Bikeman 2	Joint operation which 55% indirect holding by M Thirty Nine Co., Ltd.	<b>Revenue</b>		
		1. Management fee	0.05	This is a normal business transaction
		2. Film rights revenue	0.56	This is a normal business transaction

Person/ Juristic person who may have conflict of interest	% of Ownership interest	Type of transaction	Amount (MB)	Detail/Condition
Joint Venture Bikeman 2 (Ct.)		3. Advertising	0.05	This is a normal business transaction.
		Trade accounts receivable	0.18	This is a normal business transaction.
		Trade payables	0.39	This is a normal business transaction.
Joint Venture Gang Tann Zing and Laan 25 Naa 24	Joint operation which 70% indirect holding by M Thirty Nine Co., Ltd.	<b>Revenue</b>		
		1. Management fee	0.07	This is a normal business transaction.
		2. Film rights revenue	2.88	This is a normal business transaction.
		Trade accounts receivable	1.10	This is a normal business transaction.
		Accrued income	0.94	This is a normal business transaction.
		Trade payables	0.38	This is a normal business transaction.
Joint Venture Sam Gler Hua Kaeng and Juad Kathoei bung Fai	Joint operation which 70% indirect holding by M Thirty Nine Co., Ltd.	<b>Revenue</b>		
		1. Management fee	0.07	This is a normal business transaction.
		2. Film rights revenue	0.52	This is a normal business transaction.
		Trade accounts receivable	0.23	This is a normal business transaction.
		Accrued income	0.27	This is a normal business transaction.
		Trade payables	0.85	This is a normal business transaction.
Major Kantana Broadcasting Co.,Ltd.	Joint ventures with 44.99% direct holding	<b>Revenue</b>		
		1. Management fee	0.36	This is a normal business transaction.
		2. Distribution fee	0.98	This is a normal business transaction.
		Trade accounts receivable	0.28	This is a normal business transaction.
		Accrued income	0.94	This is a normal business transaction.
		Debt from contract	0.07	This is a normal business transaction.

Person/ Juristic person who may have conflict of interest	% of Ownership interest	Type of transaction	Amount (MB)	Detail/Condition
Transformation Films Co.,Ltd.	Joint ventures with 34.69% direct holding	<b>Revenue</b>		
		1. Management fee	0.36	This is a normal business transaction.
		2. Film rights revenue	2.72	This is a normal business transaction.
		3. Advertising	0.15	This is a normal business transaction.
		Trade accounts receivable	5.09	This is a normal business transaction.
		Accrued income	0.33	This is a normal business transaction.
		Trade payables	6.59	This is a normal business transaction.
		Debt from contract	0.20	This is a normal business transaction.
MVP M-Pictures Film Distribution (Lao) Co.,Ltd.	Joint ventures with 40% direct holding	<b>Revenue</b>		
		1. Film rights revenue	0.15	This is a normal business transaction.
		Trade accounts receivable	0.13	This is a normal business transaction.
EGV Entertainment Plc.	Associate with Major Cineplex Group Plc.	<b>Revenue</b>		
		1. Revenue sharing	16.80	Revenue sharing from theatrical release. This is a normal business transaction.
		<b>Expense</b>		
		1. Theatrical Service Fee	0.28	This is a normal business transaction.
		Accrued income	6.11	This is a normal business transaction.
		Trade payables	0.16	This is a normal business transaction.
Siam Cineplex Co.,Ltd.	Associate with Major Cineplex Group Plc.	<b>Revenue</b>		
		1. Revenue sharing	2.66	Revenue sharing from theatrical release. This is a normal business transaction.
		<b>Expense</b>		
		1. Advertising	0.03	This is a normal business transaction.
		Accrued income	1.15	This is a normal business transaction.

Person/ Juristic person who may have conflict of interest	% of Ownership interest	Type of transaction	Amount (MB)	Detail/Condition
Bangkok Imax Theatre Co.,Ltd.	Associate with Major Cineplex Group Plc.	<b>Revenue</b>		
		1. Revenue sharing	1.12	Revenue sharing from theatrical release. This is a normal business transaction.
		Accrued income	1.12	This is a normal business transaction.
Major Cine Ad Co.,Ltd.	Associate with Major Cineplex Group Plc.	<b>Revenue</b>		
		1. Advertising	2.00	Advertising income. This is a normal business transaction.
		2. Film rights revenue	0.10	This is a normal business transaction.
Major Bowl Group Co.,Ltd.	Associate with Major Cineplex Group Plc.	<b>Expense</b>		
		1. Advertising	0.15	This is a normal business transaction.
		Receivables from related parties	0.01	This is a normal business transaction.
		Trade payables	0.16	This is a normal business transaction.
Ratchayothin Management Co.,Ltd.	Associate with Major Cineplex Group Plc.	<b>Expense</b>		
		1. Other expense	0.02	This is a normal business transaction.
Well Cineplex Co.,Ltd.	Associate with Major Cineplex Group Plc.	<b>Revenue</b>		
		1. Revenue sharing	0.37	Revenue sharing from theatrical release. This is a normal business transaction.
		Trade accounts receivable	0.32	This is a normal business transaction.
		Accrued income	0.15	This is a normal business transaction.
Major Cineplex Lifestyle Leasehold Property Fund	Associate with Major Cineplex Group Plc.	<b>Expense</b>		
		1. Rental and services	0.40	This is a normal business transaction.
Ratchayothin Avenue Co.,Ltd.	Associate with Major Cineplex Group Plc.	<b>Expense</b>		
		1. Rental and services	0.13	This is a normal business transaction.
		Trade accounts from related parties	0.13	This is a normal business transaction.
Ratchayothin Avenue Management Co.,Ltd.	Associate with Major Cineplex Group Plc.	<b>Expense</b>		
		1. Rental and services	0.60	This is a normal business transaction.
		Trade accounts from related parties	0.23	This is a normal business transaction.

## OPERATION HIGHLIGHT

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

Financial Statement Information	December 31,2020	December 31,2019	December 31, 2018	Percentage of Change	
				Amount	%
Total Assets	750.43	746.07	822.59	4.35	0.58
Total Liabilities	296.84	228.15	318.99	68.69	30.11
Shareholder Equity	453.59	517.92	503.60	(64.33)	(12.42)
Registered Capital	656.56	656.56	1,313.12	-	-
Paid-Up Capital	650.06	650.06	1,300.12	-	-
Total revenues	290.10	457.92	349.78	(167.83)	(36.65)
Total Expenses	354.48	442.10	374.77	(87.63)	(19.82)
Net Profit (Loss)	(64.38)	15.82	(24.99)	(80.20)	(506.91)
Earning (Loss) per share (Baht)	(0.00)	0.00	(0.00)	(0.00)	(600.00)

### Financial Ratio

Financial Ratio	December 31, 2020	December 31, 2019	December 31, 2018
Return on Total Revenue (%)	(22.1)	3.5	(7.1)
Return on Shareholder's Equity (%)	(14.1)	3.1	(5.0)
Return on Total Assets (%)	(8.5)	2.1	(3.0)
Book Value per Share (Baht)	0.70	0.80	0.39



## MANAGEMENT DISCUSSION & ANALYSIS

Operation results of the Company and subsidiaries

In early 2020, the coronavirus outbreak (“COVID-19”) , which had a negative impact on the company's performance for the year 2020, especially the performance of the film production and films rights distribution businesses.

Due to measures to prevent the outbreak of COVID-19 occurring in many areas. This resulted in the control and limitation of filming and screenings. Thus resulting in the postponement of production and selling movies during the 1st to 2nd quarter of 2020. However, theaters will return to full opening in the third quarter of 2020 but Moviegoers are also concerned about seeing movies in theaters therefore, the revenue from the production and films rights distribution decreased compared to the previous year. Fortunately, the Company still earns revenue from films that received good reviews, including Thai films “Riam Angle Fighting” and Asian animated films “The Demon Slayer”. In addition, the Company pays special attention to the COVID-19 outbreak and assesses closely the impact on its operations and the operating results of the Group in 2020 are as follows:

The Group's total revenues in 2020 decreased from 2019 about Baht 167.82 million or 36.56% which could be broken down by line of business in the below:

(Unit: Million Baht)

Business Line	Amount		Increase/(Decrease)		Ratio : Total Revenue	
	2020	2019	Amount	%	2020	2019
Film production	172.57	231.23	(58.66)	(25.37)	59.49	50.49
Film rights	107.15	152.84	(45.69)	(29.89)	36.94	33.38
Advertising	5.72	62.25	(56.53)	(90.81)	1.97	13.60
Management fee	1.54	1.30	0.24	18.46	0,53	0.28
Goods	0.07	7.68	(7.61)	(99.09)	0.02	1.68
<b>Main revenue</b>	<b>287.05</b>	<b>455.30</b>	<b>(168.25)</b>	<b>(36.95)</b>	<b>98.95</b>	<b>99.43</b>
Other revenue	3.05	2.62	0.43	16.41	1.05	0.57
<b>Total Revenue</b>	<b>290.10</b>	<b>457.92</b>	<b>(167.82)</b>	<b>(36.65)</b>	<b>100.00</b>	<b>100.00</b>

**Film production business** the revenues decreased by Baht 58.66 million or 25.37% from 2019. Main revenue generated from Riam Angle Fighting which was the highest box office movie in 2020. .

**Film rights Distribution** has decreased in revenues by Baht 45.69 million or 29.89% . Main revenue generated from Demon Slayer the Movie which made Baht 49 million and the revenue from Free TV in sum of Baht 12 million.

**Advertising revenues** in 2020 recorded decrease of Baht 56.63 million or 90.81% because theatre was ceased temporarily that also affect the numbers of movie exploited in theatre.

**Sales goods** has decreased in revenue by Baht 7.61 million or 99.09% because in 2020 the Company has never sold goods through online channels anymore.

### Costs of Production and Services and Gross Profit Margin

The Group's costs of production and services decreased Bath 84.45 million or 33.41% because cost of films' rights distribution has decreased which affected less revenue in its sector.

### Selling and Administrative Expenses

Selling and administrative expenses became higher by Baht 2.94 million or 2.01% from credit recognition of M Talent Co.,Ltd. in sum of Baht 37.15 million according to TFRS 9 and impairment of investment in associated company in sum of Baht 7.30 million. However, the selling expense of the Company was less than 2019 in sum of Baht 18.02 million because of less movies and management expense was less than 2019 in sum of Baht 23.48 million because of effective cost management in Covid-19 outbreak period.

## Financial Result of the Company and Group

### Asset

As of December 31, 2020, the Group had total assets of Baht 750.43 million increasing from December 31, 2019 of Baht 4.36 million or about 0.58%. The assets were composed of the following items:

Assets	As of December 31		Increase (decrease)		% of total asset	
	2020	2019	Amount	%	2020	2019
Cash and cash equivalent	94.72	97.76	(3.04)	(3.11)	12.62	13.10
Accounts receivable / other receivables- net	203.01	190.84	12.17	6.38	27.05	25.58
Short term loan to related company	-	-	-	-	-	-
Inventory-net	-	0.15	(0.15)	(100.00)	-	0.02
Film on Production	107.21	115.32	(8.11)	(7.03)	14.29	15.46
Other current assets	34.51	31.81	2.70	8.49	4.60	4.26
Investments in associated company	44.56	41.03	3.53	8.60	5.94	5.50
Investments in joint venture-net	46.35	64.16	(17.81)	(27.76)	6.18	8.60
Building and equipment - net	13.47	2.19	11.28	515.07	1.79	0.29
Right-of-use assets	11.07	-	11.07	100.00	1.48	-
Goodwill - net	139.14	139.14	-	-	18.54	18.65
Computer program-net	0.52	0.50	0.02	4.00	0.07	0.07
Film rights - net	41.93	39.43	2.50	6.34	5.59	5.29
Other non - current assets	13.94	23.74	(9.80)	(41.28)	1.86	3.18
<b>Total Asset</b>	<b>450.43</b>	<b>746.07</b>	<b>4.36</b>	<b>0.58</b>	<b>100.00</b>	<b>100.00</b>

*Trade Accounts receivable and other receivables – net* increased Baht 12.17 million or 6.38% from 2019 because there were movies releasing in the quarter 4/2019 and made payment in 2020.

*Investment in associated companies* decreased in amount of Baht 17.81 million or 27.76% from December 31, 2019 because of additional recorded of investment impairment of Transformation Films Co.,Ltd. in sum of Baht 7.30 million and recorded loss of investment in associated companies in sum of Baht10.52 million.

*Building and equipment - net* increased from December 31, 2019 by Baht 11.28 million or 515.07% because of office renovation for promote work efficiency and corporate image.

*Right-of-use assets* increased from December 31, 2019 by Baht 11.07 million or 100.00% from the record of asset recognition of lease agreement of head office in accordance with TFRS 16 accounting standards regarding lease agreements.

## Liabilities and Equity of Shareholders

Liabilities and Equity of Shareholders	December 31		Increase (decrease)		% of liabilities per Equity of Shareholders	
	2020	2019	Amount	%	2020	2019
Short-Term Loan and OD from Financial Institutes	35.00	22.00	13.00	59.09	4.66	2.95
Accounts Payable and other payable	202.45	175.40	27.05	15.42	26.98	23.51
Liabilities from contract	36.82	17.80	19.02	106.85	4.91	2.39
Other Current Liabilities	8.30	8.57	(0.27)	(3.15)	1.11	1.15
Other Non-Current Liabilities	14.27	4.38	9.89	225.80	1.90	0.59
<b>Total Liabilities</b>	<b>296.84</b>	<b>228.15</b>	<b>30.11</b>	<b>30.11</b>	<b>39.56</b>	<b>30.58</b>
Equity of Shareholders	453.59	517.92	(12.42)	(12.42)	60.44	69.42
<b>Total Liabilities and Equity of Shareholders</b>	<b>750.43</b>	<b>746.07</b>	<b>4.36</b>	<b>0.58</b>	<b>100.00</b>	<b>100.00</b>

**Overdrafts and short-term loans from financial institutions** the outstanding balance as of December 31, 2020 increased from 2019 by Baht 13.00 million or 59.09 due to in the year 2020 the Company has borrowing from financial institutions more. To maintain liquidity of the group companies as working capital

**Trade Accounts payable and other payable** increased from December 31, 2019 by Baht 27.05 million or 15.42% from increasing of trade payables, film rights distribution business and films production business.

**Liabilities from contract** increased from December 31, 2019 by Baht 19.02 million or 106.85% from the obligation to perform the service contract to the customer.

**Other Non-Current Liabilities** increased from December 31, 2019 by Baht 9.89 million or 225.80% because the Company had more liabilities under the lease agreement due more than 1 year from the record liabilities in accordance with TFRS 16 accounting standards regarding lease agreements.

**Shareholders' equity** as of year-end 2020 decreased in sum of Baht 64.33 million or 12.42% because the performance of the Company record loss in the event of the COVID-19 virus outbreak.

### Analysis of Financial Ratios:

	December 31, 2020	December 31, 2019	December 31, 2018
Current Ratio (times)	1.56	1.95	1.66
Receivable Turnover (times)	1.61	2.46	2.24
Average Collection Period (days)	227	148	163
Total Assets Turnover (times)	0.38	0.61	0.41
Total Debt to Equity Ratio (times)	0.65	0.44	0.63

#### Measurement ratio of operational efficiency

**Working capital ratio 1.56 times** decreased from the previous year due to trade payable from the popular movie in the 4th quarter.

**Receivable turnover rate 1.61 times** decreased from the previous year due to the consideration of impairment of trade receivables in accordance with TFRS 9 accounting standard for the measurement of expected credit losses.

**Average collection time equal to 227 days** increased from the previous year due to the situation of the spread of the COVID-19 virus caused the debtor to request an extension of the repayment period.

## **AUDIT COMMITTEE'S REPORT**

Over the past 2020, the Audit Committee of M Pictures Entertainment Plc. is comprised of 3 independent directors. The Audit Committee is empowered by the Board of Directors.

The Audit Committee has duty which delegated by the Board of Directors to examine financial information and plan, also investigate related transaction which having conflict of interest. Moreover, the Audit Committee is consultant on risk management, internal control, sufficiency of internal control to the executives.

For the fiscal year 2020, the Audit Committee held 4 meetings. In such meetings, the Committee met external permitted auditor to review financial information and 1 meeting permitted auditor without executive management.

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

The Audit Committee is of opinion that the internal control system of the Company operated effectively, insurable that the Company's assets were safe-guarded, proper accounting records were maintained, and resources were utilized efficiently. The Audit Committee has reviewed quarterly and yearly financial statement of the Company before recommending to the Board of Directors' Meeting. For the financial statement of 2021, the Audit Committee proposed 3 auditors to the Board of Directors namely; Ms. Tithinun Vankaw, a certified public accountant no. 9432, Ms. Sakuna Yamsakul, a certified public accountant no. 4906 or Ms. Nuntika Limviriyalers, a certified public accountant no. 7358 . For the financial statement of 2020, the authorized auditors for the financial statement depend on the approval of the Annual General Meeting of Shareholders 2021 which will be hold on 8 April 2021



(Mr. Thanachai Santichaikul)

Chairman of Audit Committee

## RESPONSIBILITY STATEMENT OF THE BOARD TO FINANCIAL STATEMENT

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

The Board of Director believes that the Company's internal control system is sufficient and be able reasonably ensure that the Company and consolidated financial statement as of December 31, 2020 are trusted.



(Mr. Tirachai Vutithum)

Chairman of the Board of Directors



(Mr. Thanakorn Puriwekin)

Chief Executive Officer

**M PICTURES ENTERTAINMENT PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**31 DECEMBER 2020**

## 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 and the separate financial statements present fairly, in all material respects, the consolidated financial position of M Pictures Entertainment Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial position of the Company as at 31 December 2020, 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 (TFRS).

### 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 2020;
- 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 significant accounting policies and other explanatory information.

### 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 Code of Ethics for Professional Accountants issued by Federation of Accounting Professions 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 judgement, were of most significance in my audit of the consolidated and separate financial statements of the current period. I determine one key audit matter: Goodwill impairment assessment. The matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

#### Key audit matter

#### How my audit addressed the key audit matter

##### **Goodwill impairment assessment**

Refer to note 9 (Critical accounting estimates, assumptions and judgements) and note 21 (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 19% of total assets.

Management tests the impairment of goodwill annually by engaging an independent specialist to perform the assessment and calculating its recoverable amount by applying value in use.

Management has chosen to use the temporary measures to relieve the impact from COVID-19 announced by The Federation of Accounting Professions by excluding information related to COVID-19 that potentially affect financial projections used for the goodwill's impairment testing. Therefore, the cash flow forecasts are based on the normal business operation. Management has concluded that there is no additional impairment of goodwill in respect of investment in M Pictures Co., Ltd. as at 31 December 2020.

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 involves significant judgements about the future results of the businesses, the growth rates and the discount rates applied to future cash flow forecasts. Small changes can have a material impact on the assessed recoverable amount and the impairment charge.

I evaluated management's cash flow forecasts of CGUs and the process by which they were computed, including verifying the mathematical accuracy of the underlying calculations. I compared the cash flow forecasts to the latest budgets plan which are in line with the plans for movie production and distribution, and also compared to the average past performance.

I found that the information in those reports used in the recoverable amount calculations were consistent with latest budgets plan based on the plans for movie production and distribution, and consistent with the average past performance. Management reviewed the key assumptions, which are the growth rate and discount rate.

I reviewed and challenged the forecast prepared with management's independent specialist whether it was optimistic considering the market situation and trends of movie business. I also compared the recoverable amount from the valuation report as recently prepared by management's independent specialist, as at year end whose report dated 1 February 2021 with the goodwill's carrying value.

I also tested these significant assumptions:

1. the growth rates used in the cash flow forecasts by comparing them to historical results and economic and industry forecasts, and
2. the discount rate used in the model by assessing the weighted average cost of capital of the Group by comparing it to recent market data.

I found, based on my audit work, the key assumptions used in relation to the recoverable amount calculations appeared reasonable and appropriate.

##### **Emphasis of matter**

I draw attention to note 4.3 of the financial information, which describes the accounting policies in relation to adopting the temporary exemptions announced by the Federation of Accounting Professions to relieve the impact from COVID-19 for the reporting periods ending between 1 January 2020 and 31 December 2020. My opinion is not modified in respect to this matter.



### 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 TFRS, 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's 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's 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 judgement 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's 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's 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.

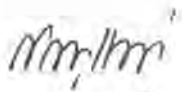
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain 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  
12 February 2021

M Pictures Entertainment Public Company Limited  
Statement of Financial Position  
As at 31 December 2020

Unit: Baht						
		Consolidated		Separate		
		financial statements		financial statements		
		31 December	31 December	31 December	31 December	
Notes		2020	2019	2020	2019	
<b>Assets</b>						
<b>Current assets</b>						
	Cash on hand and cash equivalents	11	94,723,327	97,765,360	16,413,391	5,221,646
	Trade and other receivables, net	12	203,011,084	190,841,864	1,574,745	2,436,055
	Short-term loans to related parties	37 iv)	-	-	134,000,000	201,600,000
	Inventories, net	14	-	145,972	-	-
	Films under production	22	107,209,920	115,321,344	-	-
	VAT receivables		7,864,166	4,046,539	-	-
	Withholding tax deducted at sources		24,607,079	25,231,396	430,019	676,510
	Other current assets	15	2,037,605	2,531,260	15,477	24,848
	<b>Total current assets</b>		<b>439,453,181</b>	<b>435,883,735</b>	<b>152,433,632</b>	<b>209,959,059</b>
<b>Non-current assets</b>						
	Investments in subsidiaries, net	16	-	-	237,130,105	237,130,105
	Investments in associates	17	44,556,233	41,032,778	8,457,300	3,457,300
	Joint arrangements, net	18	46,348,090	64,160,339	36,304,000	64,304,000
	Buildings and equipment, net	19	13,470,363	2,185,440	1,065,415	1,450,302
	Rights-of-use asset	20	11,068,887	-	-	-
	Goodwill, net	21	139,142,506	139,142,506	-	-
	Computer program, net	22	516,219	495,836	79,436	114,062
	Film rights, net	22	41,932,032	39,433,961	-	-
	Deferred tax assets	23	13,928,963	21,780,655	1,225,229	2,316,554
	Other non-current assets, net	24	11,235	1,957,842	11,235	1,263,815
	<b>Total non-current assets</b>		<b>310,974,528</b>	<b>310,189,357</b>	<b>284,272,720</b>	<b>310,036,138</b>
	<b>Total assets</b>		<b>750,427,709</b>	<b>746,073,092</b>	<b>436,706,352</b>	<b>519,995,197</b>

Director \_\_\_\_\_

Director \_\_\_\_\_

The notes 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 2020

		Unit: Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		31 December	31 December	31 December	31 December
Notes		2020	2019	2020	2019
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term borrowings					
	from financial institutions	25	35,000,000	22,000,000	-
	Trade and other payables	26	202,451,798	175,404,431	3,423,639
	Contract liabilities	31	36,819,131	17,794,910	-
	Current portion of lease liability	25	1,726,498	-	-
	Undue output VAT		3,793,576	2,174,708	72,100
	Provision for sales return		-	150,000	-
	Other current liabilities		2,774,439	6,244,628	147,155
	<b>Total current liabilities</b>		<b>282,565,442</b>	<b>223,768,677</b>	<b>3,570,794</b>
<b>Non-current liabilities</b>					
	Lease liabilities	25	9,468,870	-	-
	Employee benefit obligations	27	4,803,253	4,382,312	3,078,342
	<b>Total non-current liabilities</b>		<b>14,272,123</b>	<b>4,382,312</b>	<b>3,078,342</b>
	<b>Total liabilities</b>		<b>296,837,565</b>	<b>228,150,989</b>	<b>6,649,136</b>

The notes 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 2020

		Unit: Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		31 December	31 December	31 December	31 December
Notes		2020	2019	2020	2019
<b>Liabilities and equity (Cont'd)</b>					
<b>Equity</b>					
Share capital					
	Authorised share capital	28			
	1,313.11 million ordinary shares				
	of par Baht 0.50 each				
	(2019: 1,313.11 million				
	ordinary shares of par Baht 0.5 each)	656,558,588	656,558,588	656,558,588	656,558,588
Issued and fully paid-up share capital					
	1,300.11 million ordinary shares				
	of par Baht 0.50 each				
	(2019: 1,300.11 million				
	ordinary shares of par Baht 0.5 each)	650,059,588	650,059,588	650,059,588	650,059,588
	Share premium	28		132,612,302	132,612,302
	Surplus from business combination under				
	common control		(20,106,431)	-	-
	Surplus from share reduction		387,835,695	387,835,695	387,835,695
Deficits					
	Appropriated - legal reserve	30		-	-
	Unappropriated		(669,048,565)	(609,205,270)	(740,450,369)
	Other components of equity		(27,762,445)	-	4,537,663
	Equity attributable to owners of the parent		453,590,144	517,922,103	430,057,216
	Non-controlling interests		-	-	-
	<b>Total equity</b>		<b>453,590,144</b>	<b>517,922,103</b>	<b>430,057,216</b>
	<b>Total liabilities and equity</b>		<b>750,427,709</b>	<b>746,073,092</b>	<b>436,706,352</b>

The notes 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 2020

		Unit: Baht			
		Consolidated		Separate	
		financial statements		financial statements	
Notes		2020	2019	2020	2019
<b>Revenues</b>					
	Management fee income	1,538,000	1,302,500	14,090,000	16,040,000
	Revenues from films production and film rights distribution	279,720,970	384,073,511	-	-
	Sales of goods	70,900	7,683,727	-	-
	Advertising income	5,720,218	62,244,848	425,701	5,170,000
	<b>Total revenues</b>	<b>287,050,088</b>	<b>455,304,586</b>	<b>14,515,701</b>	<b>21,210,000</b>
<b>Cost of sales and services</b>					
	Cost of film production and film rights sold	167,906,198	241,678,097	-	-
	Cost of goods sold	-	7,006,082	-	-
	Cost of advertising	406,000	4,078,750	-	34,666
	<b>Total cost of sales and services</b>	<b>168,312,198</b>	<b>252,762,929</b>	<b>-</b>	<b>34,666</b>
	<b>Gross profit</b>	<b>118,737,890</b>	<b>202,541,657</b>	<b>14,515,701</b>	<b>21,175,334</b>
	Other income	3,046,088	2,619,929	7,652,410	25,764,039
	Selling expenses	(55,016,775)	(73,040,637)	(3,682,721)	(9,411,873)
	Administrative expenses	(50,086,258)	(73,571,109)	(17,810,066)	(25,087,548)
	Expected credit loss	12 (37,149,500)	-	-	-
	Loss from impairment of investments in joint venture	18 (7,300,000)	-	(28,000,000)	(7,977,074)
	Finance costs	33 (1,651,391)	(2,446,727)	-	(1,204)
	Share of loss of associate and joint ventures	17, 18 (21,825,793)	(28,131,441)	-	-
	<b>(Loss) Profit before income tax</b>	<b>(51,245,739)</b>	<b>27,971,672</b>	<b>(27,324,676)</b>	<b>4,461,674</b>
	Income tax	34 (13,135,219)	(12,149,574)	(1,091,325)	(184,333)
	<b>(Loss) Profit for the year</b>	<b>(64,380,958)</b>	<b>15,822,098</b>	<b>(28,416,001)</b>	<b>4,277,341</b>
	<b>(Loss) Profit attributable to:</b>				
	Owners of the parent	(64,380,958)	17,545,451	(28,416,001)	4,277,341
	Non-controlling interests	-	(1,723,353)	-	-
		<b>(64,380,958)</b>	<b>15,822,098</b>	<b>(28,416,001)</b>	<b>4,277,341</b>
	<b>(Loss) Earnings per share</b>	35			
	Basic (loss) earnings per share	(0.05)	0.01	(0.02)	0.00
	Diluted (loss) earnings per share	(0.05)	0.01	(0.02)	0.00

The notes 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 2020

	Unit: Baht				
	Notes	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
(Loss) Profit for the year		(64,380,958)	15,822,098	(28,416,001)	4,277,341
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Remeasurements of post-employment benefit obligations		-	(233,386)	-	(68,888)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		-	(62,932)	-	-
Income tax on items that will not be reclassified subsequently to profit or loss		-	46,678	-	13,778
<b>Total items that will not be reclassified subsequently to profit or loss</b>		-	(249,640)	-	(55,110)
<b>Items that will be reclassified subsequently to profit or loss</b>					
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	17,18	48,999	(450,216)	-	-
<b>Total items that will be reclassified subsequently to profit or loss</b>		48,999	(450,216)	-	-
<b>Other comprehensive income (expense) for the year, net of tax</b>		48,999	(699,856)	-	(55,110)
<b>Total comprehensive (expense) income for the year</b>		<u>(64,331,959)</u>	<u>15,122,242</u>	<u>(28,416,001)</u>	<u>4,222,231</u>
<b>Total comprehensive (expense) income attributable to:</b>					
Owners of the parent		(64,331,959)	16,845,595	(28,416,001)	4,222,231
Non-controlling interests		-	(1,723,353)	-	-
		<u>(64,331,959)</u>	<u>15,122,242</u>	<u>(28,416,001)</u>	<u>4,222,231</u>

The notes are an integral part of these consolidated and separate financial statements.

MI Pictures Entertainment Public Company Limited  
 Statements of Changes in Equity  
 For the year ended 31 December 2020

	Consolidated financial statements											Unit: Baht	
	Attributable to shareholders of the parent												
	Issued and fully paid-up share capital	Share premium	Share business under common control	Surplus from share reduction	Legal reserve	Unappropriate deficits	Warrants	parent's ownership interest in subsidiaries	Change in				Non-controlling interests
									Share of other comprehensive income (expense) of joint venture	Shareholders' equity	Other component of equity		
Note	Share premium	Share business under common control	Surplus from share reduction	Legal reserve	Unappropriate deficits	Warrants	parent's ownership interest in subsidiaries	Share of other comprehensive income (expense) of joint venture	Shareholders' equity	Other component of equity	Total other shareholders' equity	Total equity	
<b>Opening balance as at 1 January 2019</b>	1,300,119,176	453,981,276	(20,106,431)	-	3,813,156	(1,213,907,104)	4,537,663	(26,696,134)	(20,545)	(22,181,016)	501,719,057	1,878,454	503,597,511
<b>Changes in equity for the year</b>													
Shares reduction by decreasing in par value	(650,059,588)	-	-	650,059,588	-	-	-	-	-	-	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	(642,549)	-	-	(642,549)	(642,549)	(155,101)	(797,650)
Total comprehensive income for the year	-	-	-	-	17,295,611	-	-	(450,216)	(450,216)	16,845,595	(1,723,353)	15,122,242	15,122,242
Distributions to deficits	(321,368,974)	-	-	(262,223,893)	(3,813,156)	587,406,023	-	-	-	-	-	-	-
<b>Closing balance as at 31 December 2019</b>	650,059,588	132,612,302	(20,106,431)	387,835,695	-	(609,205,270)	4,537,663	(27,340,683)	(470,761)	(23,273,761)	517,922,103	-	517,922,103
<b>Opening balance as at 1 January 2020</b>	650,059,588	132,612,302	(20,106,431)	387,835,695	-	(609,205,270)	4,537,663	(27,340,683)	(470,761)	(23,273,761)	517,922,103	-	517,922,103
<b>Changes in equity for the year</b>													
Warrant	-	-	-	-	-	4,537,663	(4,537,663)	-	-	(4,537,663)	-	-	-
Total comprehensive expense for the year	-	-	-	-	-	(64,380,958)	-	-	48,999	48,999	(64,331,959)	-	(64,331,959)
<b>Closing balance as at 31 December 2020</b>	650,059,588	132,612,302	(20,106,431)	387,835,695	-	(689,048,565)	(27,340,683)	(421,762)	(27,762,445)	453,590,144	-	-	453,590,144

The notes 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 2020

	Note	Separate financial statements						Unit: Baht	
		Issued and fully paid-up share capital	Share premium	Surplus from share reduction	Legal reserve	Unappropriate retained earnings (deficits)	Other components of equity		Total equity
<b>Opening balance as at 1 January 2019</b>		1,300,119,176	453,981,276	-	3,813,156	(1,254,200,285)	4,537,663	508,250,986	
<b>Changes in equity for the year</b>									
Shares reduction by decreasing in par value		(650,059,588)	-	650,059,588	-	-	-	-	
Total comprehensive income for the year		-	-	-	-	4,222,231	-	4,222,231	
Distributions to deficits		-	(321,368,974)	(262,223,893)	(3,813,156)	587,406,023	-	-	
<b>Closing balance as at 31 December 2019</b>		650,059,588	132,612,302	387,835,695	-	(662,572,031)	4,537,663	512,473,217	
<b>Opening balance as at 1 January 2020</b>									
<b>Previously reported</b>		650,059,588	132,612,302	387,835,695	-	(662,572,031)	4,537,663	512,473,217	
Modified retrospective adjustments from changes in accounting policy	5	-	-	-	-	(54,000,000)	-	(54,000,000)	
<b>Opening balance as at 1 January 2020 - Restated</b>		650,059,588	132,612,302	387,835,695	-	(716,572,031)	4,537,663	458,473,217	
<b>Changes in equity for the year</b>									
Warrant		-	-	-	-	4,537,663	(4,537,663)	-	
Total comprehensive expense for the year		-	-	-	-	(28,416,001)	-	(28,416,001)	
<b>Closing balance as at 31 December 2020</b>		650,059,588	132,612,302	387,835,695	-	(740,450,369)	-	430,057,216	

The notes 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 2020**

	Notes	Unit: Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
<b>Cash flows from operating activities</b>					
(Loss) Profit before income tax		(51,245,739)	27,971,672	(27,324,676)	4,461,674
Adjustments for:					
Depreciation and amortisation charge	19, 20, 22	131,530,804	249,661,638	819,513	1,672,669
Interest income		(8,786)	(64,276)	(7,638,906)	(3,729,333)
Interest expense		1,651,390	2,446,727	-	1,204
Expected credit loss	12	37,149,500	-	-	-
(Reversed) provision for sales returns		(150,000)	(1,795,058)	-	-
(Reversed) allowance for inventory obsolescence and diminution in value of inventories	14	(17,085)	(182,121)	-	-
Loss from impairment of film under production	22	33,410,822	10,000,000	-	-
Loss on disposal and write-off of building and equipment and intangible assets	19, 22	6,535,851	20,710,215	-	136,978
(Reversed) loss from impairment of film rights	22	-	(5,157,737)	-	-
Loss from impairment of investments in joint ventures	18	7,300,000	-	28,000,000	7,977,074
Employee benefits obligations		501,231	275,178	267,841	838,563
Share of loss from associate and joint ventures	17, 18	21,825,793	28,131,441	-	-
Write off withholding tax		818,067	-	17,171	-
Gain from disposed of a subsidiary	16	-	(3,525)	-	-
Changes in working capital:					
- trade and other receivables		(49,318,720)	61,929,203	1,161,674	3,732,295
- inventories		163,057	3,000,515	-	-
- films under production		(132,014,771)	(171,735,482)	-	-
- VAT receivables		(3,817,627)	3,187,228	-	-
- other current assets		493,655	(45,130)	9,371	14,081
- other non-current assets		1,946,607	1,221	1,252,580	-
- trade and other payables		23,716,234	(75,514,768)	(983,259)	(289,072)
- contract liabilities		19,024,221	-	-	-
- undue output VAT		1,618,868	(515,724)	(72,100)	72,100
- other current liabilities		(3,470,189)	1,437,027	(41,498)	29,071
- other non-current liabilities		-	(200,000)	-	-
- employee benefit obligations paid		(80,289)	(1,225,343)	(43,828)	(1,225,343)
Cash flows from (used in) operating activities		47,562,894	152,312,901	(4,576,117)	13,691,961
<u>Add</u> Interest received		8,786	85,171	7,338,542	3,738,091
Income tax received		12,430,857	713,629	659,339	562,121
<u>Less</u> Interest paid		(1,651,390)	(2,446,727)	-	(1,204)
Income tax paid		(14,841,330)	(31,690,712)	(430,019)	(676,510)
Net cash flows from operating activities		43,509,817	118,974,262	2,991,745	17,314,459

The notes 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 2020

		Unit: Baht			
		Consolidated		Separate	
		financial statements		financial statements	
Notes		2020	2019	2020	2019
<b>Cash flows from investing activities</b>					
	Purchases of equipment	(13,458,998)	(731,819)	(400,000)	-
	Purchases of computer program	(169,137)	-	-	-
	Purchases of film rights	(30,436,159)	(15,786,700)	-	-
37 iv)	Short-term loans granted to subsidiaries	-	-	(100,000)	(32,500,000)
37 iv)	Short-term loans repaid from subsidiaries	-	-	13,700,000	21,900,000
37 iv)	Short-term loans repaid from joint ventures	-	1,304,000	-	1,304,000
16	Proceed from disposals of a subsidiary, net of cash disposed	-	1,061,141	-	1,200,000
17	Purchase of investments in associate	(20,125,000)	(57,477,300)	(5,000,000)	(3,457,300)
17	Purchase from return of investments in associate	5,337,000	7,350,000	-	-
18	Purchase of investments in joint ventures	-	(1,304,000)	-	(1,304,000)
	<b>Net cash (used in) flows from investing activities</b>	<b>(58,852,294)</b>	<b>(65,584,678)</b>	<b>8,200,000</b>	<b>(12,857,300)</b>
<b>Cash flows from financing activities</b>					
	Repayment from bank overdrafts	-	(4,992,753)	-	-
36	Proceeds from short-term borrowings from financial institutions	35,000,000	72,000,000	-	-
36	Repayment of short-term borrowings from financial institutions	(22,000,000)	(65,000,000)	-	-
36	Payment of principal elements of lease liabilities (2019: liabilities under finance lease)	(699,556)	(77,548)	-	(77,548)
	<b>Net cash flows from (used in) financing activities</b>	<b>12,300,444</b>	<b>1,929,699</b>	<b>-</b>	<b>(77,548)</b>
	<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(3,042,033)</b>	<b>55,319,283</b>	<b>11,191,745</b>	<b>4,379,611</b>
	Opening balance of cash and cash equivalents	97,765,360	42,446,077	5,221,646	842,035
	<b>Closing balance of cash and cash equivalents</b>	<b>94,723,327</b>	<b>97,765,360</b>	<b>16,413,391</b>	<b>5,221,646</b>

**Non-cash transactions**

Significant non-cash transactions for the years ended 31 December 2020 and 2019:

Outstanding payable arising from purchase of equipment	54,313	-	-	-
Outstanding payables arising from acquisition of film rights	535,000	324,984	-	-

The notes are an integral part of these consolidated and separate financial statements.

**1 General information**

M Pictures Entertainment Public Company Limited ("the Company") is a public limited company incorporated and resident in Thailand.

On 1 January 2021, the Company changes registered office address to 234, 234/1-3 Building Ratchayothin Avenue 3rd Floor, Room No. B301-B306, Ratchadapisek Road, Ladyao, Jatuchak, Bangkok 10900 (Old address : 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, and film production.

These Group consolidated and separate financial statements were authorised for issue by the Board of Directors on 12 February 2021.

**2 Significant events during the current year**

The outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, has adverse effects on operating results for the period ended 31 December 2020 especially on film rights distribution and film production businesses.

The series of precautionary measures that continued to be implemented across regions including restrictions and controls over production and line-up of movies, which effected to the delay of production and movie releasing during Q1 to Q2 2020. Although all cinema theaters are fully reopened in Q3 2020, customers are still worry to watch the movie in the theater. Consequently, the revenues from films production and film rights distribution dropped comparing to prior year. The Group is now paying close attention to the development of the COVID-19 situation and evaluating its impacts on the operation while strategizing effect solutions.

**3 Basis for preparation**

The consolidated and separate financial statements have been prepared in accordance with Thai Financial Reporting Standards ("TFRS") and the financial reporting requirements issued 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 TFRS requires management to use certain critical accounting estimates and to exercise its judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas that are more likely to be materially adjusted due to changes in estimates and assumptions are disclosed in Note 9.

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.

#### 4 New and amended financial reporting standards

##### 4.1 New and amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2020 and have significant impacts to the Group

###### a) Financial Instruments

The new financial standards related to financial instruments are as follows:

TAS 32	Financial instruments: Presentation
IFRS 7	Financial instruments: Disclosures
IFRS 9	Financial instruments
IFRIC 16	Hedges of a net investment in a foreign operation
IFRIC 19	Extinguishing financial liabilities with equity instruments

The new financial reporting standards related to financial instruments introduce new classification and measurement requirements for financial instruments as well as provide derecognition guidance on financial assets and financial liabilities. The new guidance also provides an option for the Group to apply hedge accounting to reduce accounting mismatch between hedged item and hedging instrument. In addition, the new rule provides detailed guidance on financial instruments issued by the Group whether it is a liability or an equity. Among other things, they require extensive disclosure on financial instruments and related risks.

The new classification requirements of financial assets require the Group to assess both i) business model for holding the financial assets; and ii) cash flow characteristics of the asset whether the contractual cash flows represent solely payments of principal and interest (SPPI). The classification affects the financial assets' measurement. The new guidance requires assessment of impairment of financial assets as well as contract assets and recognition of expected credit loss from initial recognition.

On 1 January 2020, the Group has adopted the financial reporting standards related to financial instruments in its financial statements. The impact from the first-time adoption has been disclosed in Note 5.

###### b) IFRS 16, Leases

Where the Group is a lessee, IFRS 16, Leases will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

On 1 January 2020, the Group has adopted the new lease standard in its financial statements. The first-time adoption has no material impact to the group.

- c) **Amendment to TAS 12, Income tax** clarified that the income tax consequences of dividends of financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- d) **Amendment to TAS 19, Employee benefits (plan amendment, curtailment or settlement)** - clarified accounting for defined benefit plan amendments, curtailments and settlements that the updated assumptions on the date of change are applied to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement.
- e) **Amendment to TAS 23, Borrowing costs** clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.
- f) **Amendment to TAS 28, Investments in associates and joint ventures (long-term interests in associates and joint ventures)** clarified the accounting for long-term interests in an associate or joint venture, which is in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. The Group must account for such interests under IFRS 9, Financial instruments before applying the loss allocation and impairment requirements in TAS 28, Investments in associates and joint ventures.
- g) **Amendment to IFRS 3, Business combinations** clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. The previously held interest is therefore re-measured.

4 New and amended financial reporting standards (Cont'd)

4.1 New and amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2020 and have significant impacts to the Group (Cont'd)

- h) **Amendment to TFRS 11, Joint arrangements** clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- i) **TFRIC 23, Uncertainty over income tax treatments** explained how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:
- that the Group should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored.
  - that the Group should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment.
  - that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The adoption of c) - i) has no material impact on the group.

4.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2021 and have significant impacts to the Group

Certain amended financial reporting standards have been issued that are not mandatory for current reporting period and have not been early adopted by the Group.

- a) **Revised Conceptual Framework for Financial Reporting** added the following key principals and guidance
- Measurement basis, including factors in considering difference measurement basis
  - Presentation and disclosure, including classification of income and expenses in other comprehensive income
  - Definition of a reporting entity, which maybe a legal entity, or a portion of an entity
  - Derecognition of assets and liabilities

The amendment also includes the revision to the definition of an asset and liability in the financial statements, and clarification to the prominence of stewardship in the objective of financial reporting.

- b) **Amendment to TFRS 3, Business combinations** amended the definition of a business which requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers and to exclude returns in the form of lower costs and other economic benefits.
- c) **Amendment to TFRS 9, Financial instruments and TFRS 7, Financial instruments: disclosures** amended to provide relief from applying specific hedge accounting requirements to the uncertainty arising from interest rate benchmark reform such as IBOR. The amendment also requires disclosure of hedging relationships directly affected by the uncertainty.
- d) **Amendment to TAS 1, Presentation of financial statements and TAS 8, Accounting policies, changes in accounting estimates and errors** amended to definition of materiality. The amendment allows for a consistent definition of materiality throughout the Thai Financial Reporting Standards and the Conceptual Framework for Financial Reporting. It also clarified when information is material and incorporates some of the guidance in TAS 1 about immaterial information.

The Group is currently assessing the impact from initial application of these new financial reporting standards.

**4 New and amended financial reporting standards (Cont'd)**

**4.3 Exemption from the temporary measures to relieve the impact from COVID-19**

The Federation of Accounting Professions announced on 22 April 2020 related to the temporary exemption guidance to relieve the impact from COVID-19 (temporary measures to relieve the impact from COVID-19) for the reporting periods ending between 1 January 2020 and 31 December 2020. The Group applied the exemption on the following matters.

*Determining expected credit loss with the simplified approach according to Thai Financial Reporting Standard no.9, Financial Instruments.*

The Group has chosen to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC by excluding forward-looking information in assessing the expected credit loss under the simplified approach of trade receivables. The expected credit loss was assessed based on historical credit loss together with the management's judgement in estimating the expected credit loss.

*Impairment of assets*

The Group has chosen to exclude information related to COVID-19 as an indication of the impairment of assets.

In addition, for goodwill, intangible assets with indefinite useful life and intangible assets that are not ready for intended use that the Group has to test for impairment annually, the Group has chosen not to include information related to COVID-19 that potentially affect financial projections to consider for the assets' impairment testing.

*Deferred Tax assets*

The Group chose to excluded information related to COVID-19 which causes uncertainty when considering the sufficiency of future taxable profit for the purpose of assessing the utilisation of deductible temporary differences. Instead, the Group writes down the carrying amount of the deferred tax assets when it's not probable that the future taxable profit will be available for utilising the deductible temporary differences.

**5 Impacts from initial application of the new and revised financial reporting standards**

This note explains the impact of the adoption of TAS 32 Financial Instruments: Presentation, TFRS 7 Financial Instruments: Disclosure, TFRS 9 Financial Instruments and TFRS 16 Leases on the Group's consolidated financial statements and the Company's separate financial statements. The new accounting policies applied from 1 January 2020 were disclosed in Note 6.14.

The Group and the Company have adopted those new accounting policies from 1 January 2020 by applying the modified retrospective approach. The comparative figures have not been restated. The reclassifications and the adjustments arising from the changes in accounting policies were therefore recognised in the statement of financial position as of 1 January 2020.

Financial Reporting Standards relating to leases standard which effective for the accounting periods beginning on or after 1 January 2020 do not have material impact on the Group since majority of leasing contract is short-term leases or leases for which the underlying asset is of low value.

5 Impacts from initial application of the new and revised financial reporting standards (Cont'd)

The impact of first-time adoption of new financial reporting standards on the consolidated and separate statements of financial position are as follows:

	Unit: Baht		
	Separate financial information		
	As at 31 December 2019 Previously reported	TAS 32 and TFRS 9 Reclassifications and adjustments	As at 1 January 2020 Restated
<b>Assets</b>			
<b>Current assets</b>			
Short-term loans to related parties	201,600,000	(54,000,000)	147,600,000
<b>Total current asset</b>	<b>201,600,000</b>	<b>(54,000,000)</b>	<b>147,600,000</b>
<b>Total assets</b>	<b>201,600,000</b>	<b>(54,000,000)</b>	<b>147,600,000</b>
<b>Equity</b>			
Unappropriated deficits	(662,572,031)	(54,000,000)	(716,572,031)
<b>Total equity</b>	<b>(662,572,031)</b>	<b>(54,000,000)</b>	<b>(716,572,031)</b>

**Financial instruments**

The total impact on the Group's and the Company's unappropriated retained earnings as of 1 January 2020 are as follows:

	Note	Unit: Baht Separate financial statements
<b>Unappropriated deficits as of 31 December 2019 (as previously reported)</b>		<b>(662,572,031)</b>
Increase in provision for loans to related parties	A	(54,000,000)
Total adjustments to opening unappropriated retained earnings from adoption of TFRS 9		(54,000,000)
<b>Unappropriated deficits as of 1 January 2020 after reflecting TFRS 9 adoption</b>		<b>(716,572,031)</b>



5 Impacts from initial application of the new and revised financial reporting standards (Cont'd)

Financial instruments (Cont'd)

On 1 January 2020 (the date of initial application), the management has assessed which business models apply to the financial assets and financial liabilities, and has classified its financial instruments into the appropriate TFRS 9 categories below.

	Unit: Baht	
	Consolidated financial statements	Separate financial statements
	Amortised cost	Amortised cost
<b>Financial assets</b>		
Cash on hand and cash equivalents	97,765,360	5,221,646
Trade and other receivables, net	177,253,471	1,888,676
Short-term loans to related parties, net	-	147,600,000
Other non-current assets, net	1,957,842	1,263,815
<b>Financial liabilities</b>		
Bank overdrafts and short-term borrowings from financial institutions	22,000,000	-
Trade and other payables	145,964,431	4,406,898

A) Impairment of financial assets

The Group and the Company have following financial assets that are subject to the expected credit loss model:

- cash and cash equivalents
- trade and other receivables
- loans to related parties

The Company was required to revise its impairment methodology under TFRS 9. The impact of the change in impairment methodology on the retained earnings at 1 January 2020 was Baht 54 million in the separate financial statements.

While cash and cash equivalents and trade and other receivables are subject to the new impairment requirement, the identified impact was immaterial.

Trade and other receivables

The Group applies the simplified approach in measuring expected credit losses, which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles of sales, the corresponding historical credit losses experienced as well as forward-looking information that may affect the ability of the customers to settle the receivables.

As of 1 January 2020, the identified impact of expected credit losses was immaterial.

Loans to related parties

The Company has loans to related parties measured at amortised cost. The 12-month expected credit loss allowance was recognised for those loans without any significant increase in credit risk. The lifetime expected credit loss was recognised for those loans with significant increase in credit risk.

As of 1 January 2020, the Company recognised additional loss allowance of Baht 54 million for loans to related parties in the separate financial statement.

## 6 Accounting policies

### 6.1 Principles of consolidation and equity accounting

#### a) Subsidiaries

Subsidiaries are all 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 consolidated from the date on which control is transferred to the Group until the date that control ceases.

In the separate financial statements, investments in subsidiaries are accounted for using cost method.

#### b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting.

In the separate financial statements, investments in associates are accounted for using cost method.

#### c) Joint arrangements

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

##### Joint operations

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

##### Joint ventures

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

In the separate financial statements, investments in joint ventures are accounted for using cost method.

#### d) Equity method

The investment is initially recognised at cost which is consideration paid and directly attributable costs.

The Group's subsequently recognises shares of its associates and joint ventures' profits or losses and other comprehensive income in the profit or loss and other comprehensive income, respectively. The subsequent cumulative movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in associates and joint ventures equals or exceeds its interest in the associates and joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates and joint ventures.

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

**6.1 Principles of consolidation and equity accounting (Cont'd)**

**e) Changes in ownership interests**

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A difference between the amount of the adjustment to non-controlling interests to reflect their relative interest in the subsidiary and any consideration paid or received is recognised within equity.

If the ownership interest in associates and joint ventures is reduced but significant influence and joint control 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 reduce of the ownership interest in associates and joint ventures is recognise in profit or loss.

When the Group losses control, joint control or significant influence over investments, any retained interest in the investment is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value becomes the initial carrying amount of the retained interest which is reclassified to investment in an associate, or a joint venture or a financial asset accordingly.

**f) Intercompany transactions on consolidation**

Intra-group transactions, balances and unrealised gains on transactions are eliminated. Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are also eliminated in the same manner unless the transaction provides evidence of an impairment of the asset transferred.

**6.2 Business combination**

The Group applies the acquisition method to account for business combinations with an exception on business combination under common control. The consideration transferred for the acquisition of a subsidiary comprises.

- fair value of the assets transferred,
- liabilities incurred to the former owners of the acquiree
- equity interests issued by the Group

Identifiable assets and liabilities acquired 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 initially 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.

The excess of the consideration transferred, the amount of any non-controlling interest recognised and the acquisition-date fair value of any previous equity interest in the acquiree (for business combination achieved in stages) over the fair value of the identifiable net assets acquired is recorded as goodwill. In the case of a bargain purchase, the difference is recognised directly in profit or loss.

*Acquisition-related cost*

Acquisition-related cost are recognised as expenses in consolidated financial statements

*Step-up acquisition*

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-measured are recognised in profit or loss.

*Changes in fair value of contingent consideration paid/received*

Subsequent changes to the fair value of the contingent consideration that is an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured.

6 Accounting policies (Cont'd)

6.3 Foreign currency translation

a) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's and the Group's functional and 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.

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.

Any exchange component of gains and losses on a non-monetary item that recognised in profit or loss, or other comprehensive income is recognised following the recognition of a gain or loss on the non-monetary item.

c) Group companies

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

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

6.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with other short-term highly liquid investments with maturities of three months or less from acquisition date and overdrafts.

In the consolidated and separate statement of financial position, bank overdrafts are shown in current liabilities.

6.5 Trade accounts receivable

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30-60 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

The impairment of trade receivables is disclosed in Note 6.7(f).

6.6 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 less all attributable discounts.

6 Accounting policies (Cont'd)

6.7 Financial asset

a) Classification

From 1 January 2020, the Group classifies its debt instrument financial assets in the following measurement categories depending on i) business model for managing the asset and ii) the cash flow characteristics of the asset whether they represent solely payments of principal and interest (SPPI).

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

For investments in equity instruments, the Group has an irrevocable election at the time of initial recognition to account for the equity investment at fair value through profit or loss (FVPL) or at fair value through other comprehensive income (FVOCI) except those that are held for trading, they are measured at FVPL.

b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether the cash flows are solely payment of principal and interest.

d) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the financial assets. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

6 Accounting policies (Cont'd)

6.7 Financial asset (Cont'd)

d) Debt instruments (Cont'd)

- FVOCI: Financial assets that are held for i) collection of contractual cash flows; and ii) for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income is included in other income. Impairment expenses are presented separately in the statement of profit or loss.
- FVPL: Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

e) Equity instruments

The Group measures all equity investments at fair value. Where the Group has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit.

Impairment losses (and reversal of impairment losses) on equity investments are reported together with changes in fair value.

f) Impairment

From 1 January 2020, the Group applies the TFRS 9 simplified approach in measuring the impairment of trade and other receivables, which applies lifetime expected credit loss, from initial recognition, for all trade and other receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected credit loss rates are based on payment profiles, historical credit losses as well as forward-looking information and factors that may affect the ability of the customers to settle the outstanding balances.

The Group chose to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC for the reporting periods ended between 1 January 2020 and 31 December 2020 by excluding forward-looking information in assessing the expected credit loss under the simplified approach of trade receivables, and other receivables. The Group applied historical credit loss adjusted with the management's judgement in estimating the expected credit loss as disclosed in note 12.

For other financial assets carried at amortised cost and FVOCI, the Group applies TFRS 9 general approach in measuring the impairment of those financial assets. Under the general approach, the 12-month or the lifetime expected credit loss is applied depending on whether there has been a significant increase in credit risk since the initial recognition.

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

**6.7 Financial asset (Cont'd)**

**f) Impairment (Cont'd)**

The Group assesses expected credit loss by taking into consideration forward-looking information and past experiences. The expected credit loss is a probability-weighted estimate of credit losses (probability-weighted present value of estimated cash shortfall). The cash shortfall is the difference between all contractual cash flows that are due to the Group and all cash flows expected to receive, discounted at the original effective interest rate.

When measuring expected credit losses, the Group reflects the following:

- probability-weighted estimated uncollectible amounts
- time value of money; and
- supportable and reasonable information as of the reporting date about past experience, current conditions and forecasts of future situations.

Impairment (and reversal of impairment) losses are recognised in profit or loss as a separate line item.

**6.8 Films under production**

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

**6.9 Buildings and equipment**

Buildings and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group, capitalised where there is future economic benefits. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to profit or loss when incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their to their residual values over their estimated useful lives, as follows:

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

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

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**6.10 Goodwill**

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

6 Accounting policies (Cont'd)

6.11 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 these costs are amortised over their estimated useful lives of 3 years.

Cost associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

6.12 Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Where the reasons for previously recognised impairments no longer exist, the impairment losses on the assets concerned other than goodwill is reversed.

The Group chose to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC for the reporting periods ended between 1 January 2020 and 31 December 2020 by excluding information related to COVID-19 as an indication of the impairment of assets.

6.13 Leases

**Leases - where a Group Company is the lessee**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.



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

**6.13 Leases (Cont'd)**

**Leases - where a Group Company is the lessee (Cont'd)**

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture.

**6.14 Financial liabilities**

**a) Classification**

Financial instruments issued by the Group are classified as either financial liabilities or equity securities by considering contractual obligations.

- Where the Group has an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Group's own equity instruments.
- Where the Group has no contractual obligation or has an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered an equity instrument.

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 reporting date.

**b) Measurement**

Financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost.

6 Accounting policies (Cont'd)

6.14 Financial liabilities (Cont'd)

c) Derecognition and modification

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled, or expired.

Where the terms of a financial liability are renegotiated/modified, the Group assesses whether the renegotiation / modification results in the derecognition of that financial liability. Where the modification results in an extinguishment, the new financial liability is recognised based on fair value of its obligation. The remaining carrying amount of financial liability is derecognised. The difference as well as proceed paid is recognised as other gains/(losses) in profit or loss.

Where the modification does not result in the derecognition of the financial liability, the carrying amount of the financial liability is recalculated as the present value of the renegotiated / modified contractual cash flows discounted at its original effective interest rate. The difference is recognised in other gains/(losses) in profit or loss.

6.15 Current and deferred income taxes

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

Current tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. 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

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- investments in subsidiaries, associates and joint arrangements 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 is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred 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 tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group chose to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC for the reporting periods ended between 1 January 2020 and 31 December 2020 by excluding information related to COVID-19 which causes uncertainty when considering the sufficiency of future taxable profit for the purpose of assessing the utilisation of deductible temporary differences. Instead, the Group writes down the carrying amount of the deferred tax assets when it's not probable that the future taxable profit will be available for utilising the deductible temporary differences.

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

**6.16 Employee benefits**

Short-term employee benefits

Liabilities for short-term employee benefits such as wages, salaries, paid annual leave and paid sick leave, and bonuses, that are expected to be settled wholly within 12 months after the end of the period are recognised in respect of employees' service up to the end of the reporting period. They are measured at the amount expected to be paid.

Defined contribution plan

The Group pays contributions to a separate fund on a contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Defined benefit plans

Amount of retirement benefits is defined by the agreed benefits the employees will receive after the completion of employment. It usually depends on factors such as age, years of service and an employee's latest compensation at retirement.

The defined benefit obligation is calculated annually by an independent actuary 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 matches the terms and currency of the expected cash outflows.

Remeasurement gains and losses are recognised directly to other comprehensive income in the period in which they arise. They are included in retained earnings in the statements of changes in equity

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

Other long-term benefits

The Group gives gold rewards to employees when they have worked for the Group for 10 years.

These obligations are measured similar to defined benefit plans except remeasurement gains and losses that are charged to profit or loss.

**6.17 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**6.18 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.

6 Accounting policies (Cont'd)

6.19 Revenue recognition

Revenue include all revenues from ordinary business activities. All ancillary income in connection with the delivery of goods and rendering of services in the course of the Group's ordinary activities.

Revenue are recorded net of value added tax. They are recognised in accordance with the provision of goods or services, provided that collectibility of the consideration is probable.

Multiple element arrangements involving delivery or provision of multiple products or services are separated into distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfillment of the obligation to the customer.

Management fee revenue and service revenue

The Group recognised service contracts with a continuous service provision as revenue on a straight line basis over the contract term, regardless of the payment pattern.

Revenue from film production and sales of film rights distribution

- Revenue from box-office sharing between the theatre owner and licensor is sales-based royalties which is recognised when the right is delivered to the theatre and the movie ticket is sold to customers.
- License fees on film rights and film production is the revenue from providing a right to use its intellectual property, which 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 sales of goods

- Sales of 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 control of the products has transferred, being when the products are delivered, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from advertising

- Revenue from advertising such as tied-in on movies and movies' media is recognised when the media is appeared first time.
- Revenue from producing all kinds of media is recognised when services are rendered as agreed with customers.

Contract assets and contract liabilities

A contract asset is recognised where the Group recorded revenue for fulfilment of a contractual performance obligation before the customer paid consideration or before the requirements for billing.

A contract liability is recognised when the customer paid consideration or a receivable from the customer that is due before the Group fulfilled a contractual performance obligation.

For each customer contract, contract liabilities is set off against contract assets.

## 7 Financial risk management

### 7.1 Financial risk factors

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

#### 7.1.1 Foreign exchange risk

The Group operates internationally and is exposed to foreign currency risk arises from trading transactions purchase of film rights in various currency. The Group does not use any derivative financial instruments to hedge foreign currency exposure.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Baht are as follows:

	Unit : Baht	
	<u>Consolidated financial statements</u>	
	As at 31	As at 31
	<u>December 2020</u>	<u>December 2019</u>
	US Dollar	US Dollar
Trade and other receivables - Net	20,676,248	8,188,646

#### *Sensitivity*

As shown in the table above, the Group is primarily exposed to changes in Baht and US Dollar exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from financial assets and financial liabilities denominated in US Dollar.

	Unit : Baht	
	<u>Consolidated financial statements</u>	
	<u>Impact to net profit</u>	
	Year 2020	Year 2019
US Dollar to Baht exchange rate		
- increase 9% (2019: 9%)*	1,860,862	736,978
US Dollar to Baht exchange rate		
- decrease 9% (2019: 9%)*	(1,860,862)	(736,978)

\* Holding all other variables constant

#### 7.1.2 Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group is exposed to interest rate risk relates primarily to its deposits at financial institutions, loans to related parties and short-term borrowings. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

7 Financial risk management (Cont'd)

7.1 Financial risk factors (Cont'd)

7.1.3 Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables.

Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. The Group has policies in place to ensure that sales of products and services are made to customers with appropriate credit history. Risk control assesses the credit quality of the customer by taking into account its financial position, past experience and other factors.

Impairment of financial assets

The Group and the Company has financial assets that are subject to the expected credit loss model:

- Cash and cash equivalent
- Trade and other receivables
- Loan to related parties

While cash and cash equivalents are also subject to the impairment requirements of TFRS 9, the identified impairment loss was immaterial.

The Group applies the TFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. Detail of expected credit losses as shown in Note 12.

The Group and the Company write-off trade receivables and contract assets when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments or cannot be contacted.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

In the year 2019, the Group recognised impairment of trade receivables based on the incurred loss model such as uncollectible, which was not taken into account future losses. Therefore, loss allowance and allowance for doubtful accounts are not comparable.

The Company has measured loans to related parties by prepared the cash flow projection which based on related party's business plan for considering the ability to repay and calculating the expected credit loss. The Company regularly reassessed the incremental of related party's credit risk.

7.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Management monitors i) rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities below); and ii) cash and cash equivalents on the basis of expected cash flows.

7 Financial risk management (Cont'd)

7.1 Financial risk factors (Cont'd)

7.1.4 Liquidity risk (Cont'd)

a) Financing arrangements

The Group has access to the following undrawn credit facilities as at 31 December as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Floating rate</b>				
Expiring within one year				
- Bank overdraft	10,000,000	10,000,000	-	-
Expiring beyond one year				
- Bank loans	206,500,000	219,500,000	-	-
	<u>216,500,000</u>	<u>229,500,000</u>	<u>-</u>	<u>-</u>

b) Maturity of financial liabilities

The tables below analyse the maturity of financial liabilities grouping based on their contractual maturities. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Consolidated financial statements				Unit: Baht
	Within 1 year	1 - 5 years	Over 5 years	Total	Carrying value of liabilities
<b>Due date of financial liabilities</b>					
<b>As at 31 December 2020</b>					
Bank overdrafts and short-term loans from financial institutions	35,000,000	-	-	35,000,000	35,000,000
Trade and other payables	202,451,798	-	-	202,451,798	202,451,798
Lease liabilities	2,136,942	9,007,765	1,374,051	12,518,758	11,195,368
<b>Total financial liabilities</b>	<u>239,588,740</u>	<u>9,007,765</u>	<u>1,374,051</u>	<u>249,970,556</u>	<u>248,647,166</u>

7 Financial risk management (Cont'd)

7.1 Financial risk factors (Cont'd)

7.1.4 Liquidity risk (Cont'd)

b) Maturity of financial liabilities (Cont'd)

	Consolidated financial statements				Unit: Baht
	Within 1 year	1 - 5 years	Over 5 years	Total	Carrying value of liabilities
	<b>Due date of financial liabilities As at 31 December 2019</b>				
Bank overdrafts and short-term loans from financial institutions	22,000,000	-	-	22,000,000	22,000,000
Trade and other payables	175,404,431	-	-	175,404,431	175,404,431
<b>Total financial liabilities</b>	<b>197,404,431</b>	<b>-</b>	<b>-</b>	<b>197,404,431</b>	<b>197,404,431</b>
	Separate financial statements				Unit: Baht
	Within 1 year	1 - 5 years	Over 5 years	Total	Carrying value of liabilities
<b>Due date of financial liabilities As at 31 December 2020</b>					
Trade and other payables	3,423,639	-	-	3,423,639	3,423,639
<b>Total financial liabilities</b>	<b>3,423,639</b>	<b>-</b>	<b>-</b>	<b>3,423,639</b>	<b>3,423,639</b>
	Separate financial statements				Unit: Baht
	Within 1 year	1 - 5 years	Over 5 years	Total	Carrying value of liabilities
<b>Due date of financial liabilities As at 31 December 2019</b>					
Trade and other payables	4,406,898	-	-	4,406,898	4,406,898
<b>Total financial liabilities</b>	<b>4,406,898</b>	<b>-</b>	<b>-</b>	<b>4,406,898</b>	<b>4,406,898</b>



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

**7.2 Capital management**

The objectives when managing capital are to:

- safeguard their ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Group may consider to transfer the surplus from share reduction to offset with the residual deficit.

Consistent with others in the industry, the Group monitors capital based on gearing ratio which is determined by dividing net debt with equity. The ratios at 31 December are as follows:

	2020 Baht	2019 Baht
Total debt	296,837,565	228,150,989
Equity	453,590,144	517,922,103
Debt to equity ratio	65.44%	44.05%

**8 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.

**9 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.

**a) Impairment of Goodwill**

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The calculations use cash flow projections based on financial budget approved by management covering a two-year period.

Cash flows beyond the two-year period are extrapolated using the estimated growth rates stated in note 21. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

**b) 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.

**c) 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.

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

**d) 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.

**e) Defined retirement benefit obligations**

The present value of the retirement benefit obligations depends on a number of assumptions. Key assumptions used and impacts from possible changes in key assumptions are disclosed in note 27.

**f) Deferred tax asset for carried forward tax losses**

The company has incurred the losses the dissolution of subsidiary, which was set impairment on investment, finish in 2016. The deferred tax assets related to carried-forward tax losses of the Group. The Group has concluded that the deferred tax assets arising from the carried-forward tax losses will be recoverable using the estimated future taxable income based on the approved business plans and budgets. It is expected that the losses carried forward will be utilised within 5 years.

**g) Determination of lease terms**

Critical judgement in determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the most relevant factors are historical lease durations, the costs and conditions of leased assets.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstance affecting this assessment occur, and that it is within the control of the Group

**h) Determination of discount rate applied to leases**

The Group determines the incremental borrowing rate as follows:

- Where possible, use recent third-party financing received by the individual lessee as a starting point, adjusting to reflect changes in its financing conditions.
- Make adjustments specific to the lease, e.g. term, country, currency and security.

**i) Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about default risk and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs used in the impairment calculation, based on the Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

**10 Segment information**

The Group's strategic steering committee, consisting of the board of directors, examines the Group's performance from group of product and has identified 3 reportable segments.

The steering committee primarily uses a measure of segments' revenue to assess the performance of the operating segments.

M Pictures Entertainment Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2020

10 Segment information (Cont'd)

Financial information by business segments is as follows:

	Consolidated financial statements				Unit: Baht
	Film rights distribution	Film production and related	Sales of goods	Others	
<b>For the year ended 31 December 2020</b>					
Revenue					
Gross segment revenue	122,961,232	174,710,806	70,900	15,847,601	313,590,539
Inter - segment revenue	(13,812,750)	-	-	(12,727,701)	(26,540,451)
Net revenue from third parties	109,148,482	174,710,806	70,900	3,119,900	287,050,088
<b>Timing of revenue recognition</b>					
At a point in time	89,020,907	174,710,806	70,900	-	263,802,613
Over time	20,127,575	-	-	3,119,900	23,247,475
Total revenue	109,148,482	174,710,806	70,900	3,119,900	287,050,088
Segment result	10,642,193	(16,307,909)	70,900	(8,268,821)	13,836,637
Unallocated costs					(16,951,006)
Other income					3,046,088
Finance costs					(1,651,391)
Share of profit of associate and joint ventures					(21,825,793)
Profit before income tax					(51,245,739)
Income tax					(13,135,219)
Net loss for the year					(64,380,958)

M Pictures Entertainment Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2020

10 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	Sales of goods	Others	
<b>For the year ended 31 December 2019</b>					
Revenue					
Gross segment revenue	222,998,150	238,418,664	7,683,727	28,314,848	497,415,389
Inter - segment revenue	(25,153,159)	(840,144)	-	(16,117,500)	(42,110,803)
Net revenue from third parties	197,844,991	237,578,520	7,683,727	12,197,348	455,304,586
<b>Timing of revenue recognition</b>					
At a point in time	170,350,966	237,578,520	7,683,727	-	415,613,213
Over time	27,494,025	-	-	12,197,348	39,691,373
Total revenue	197,844,991	237,578,520	7,683,727	12,197,348	455,304,586
Segment result	66,716,489	18,203,072	648,134	1,725,023	87,292,718
Unallocated costs					(31,362,807)
Other income					2,619,929
Finance costs					(2,446,727)
Share of profit of associate and joint ventures					(28,131,441)
Profit before income tax					27,971,672
Income tax					(12,149,574)
Net loss for the year					15,822,098

M Pictures Entertainment Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2020

11 Cash and cash equivalents

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash on hand	70,000	75,000	15,000	15,000
Deposits held at call with banks	94,653,327	97,690,360	16,398,391	5,206,646
Cash and cash equivalents	<u>94,723,327</u>	<u>97,765,360</u>	<u>16,413,391</u>	<u>5,221,646</u>

12 Trade and other receivables, net

12.1 Trade and other receivables

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade accounts receivable				
- Third parties	106,608,656	115,409,482	-	-
- Related parties (Note 37)	34,109,830	20,308,017	-	1,102,100
Total trade accounts receivable	<u>140,718,486</u>	<u>135,717,499</u>	<u>-</u>	<u>1,102,100</u>
Accrued income				
- Third parties	46,479,119	18,600,972	-	-
- Related parties (Note 37)	45,667,787	6,333,451	-	-
Total accrued income	<u>92,146,906</u>	<u>24,934,423</u>	<u>-</u>	<u>-</u>
Total trade accounts receivable and accrued income	232,865,392	160,651,922	-	1,102,100
Less Expected credit losses (2019: Allowance for doubtful accounts under TAS 101)	<u>(37,149,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Trade accounts receivable and accrued income, net	<u>195,715,892</u>	<u>160,651,922</u>	<u>-</u>	<u>1,102,100</u>
Amounts due from related parties	7,196	96,668	7,985,282	7,684,918
Less Expected credit losses (2019: Allowance for doubtful accounts under TAS 101)	<u>-</u>	<u>-</u>	<u>(7,348,342)</u>	<u>(7,348,342)</u>
Amounts due from related parties, net (Note 37)	<u>7,196</u>	<u>96,668</u>	<u>636,940</u>	<u>336,576</u>
Other account receivables	666,011	16,504,881	361,000	450,000
Prepaid expenses	<u>6,621,985</u>	<u>13,588,393</u>	<u>576,805</u>	<u>547,379</u>
Trade account and other receivables, net	<u>203,011,084</u>	<u>190,841,864</u>	<u>1,574,745</u>	<u>2,436,055</u>

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

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

12.2 Impairments of trade and other receivables

Expected credit loss was assessed based on historical payment received from sales in period 24 month before 1 January 2020 and historical credit loss occur in that period.

The Group chose to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC for the reporting periods ended between 1 January 2020 and 31 December 2020 by excluding forward-looking information in assessing the expected credit loss under the simplified approach of trade and other receivables. As of 31 December 2020, the expected credit loss of Baht 37.15 million for trade receivables was assessed based on historical credit loss together with the management's judgement in estimating the expected credit loss.

The loss allowance for trade receivables and contract assets was determined as follows:

	Consolidated financial statements					Unit: Baht
	Not yet due	Up to		6 - 12 months	More than 12 months	Total
		3 months	3 - 6 months			
<b>As of 1 January 2020</b>						
Gross carrying amount						
- Trade receivables and accrued income	97,058,700	46,968,060	15,470,466	477,153	677,543	160,651,922
- Amounts due from related parties	96,668	-	-	-	-	96,668
Loss allowance	-	-	-	-	-	-

	Consolidated financial statements					Unit: Baht
	Not yet due	Up to		6 - 12 months	More than 12 months	Total
		3 months	3 - 6 months			
<b>As 31 December 2020</b>						
Gross carrying amount						
- Trade receivables and accrued income	181,644,849	13,646,131	7,679,008	6,898,967	22,996,437	232,865,392
- Amounts due from related parties	7,196	-	-	-	-	7,196
Loss allowance	(1,015,000)	(3,260,000)	(3,240,000)	(6,640,000)	(22,994,500)	(37,149,500)

	Separate financial statements					Unit: Baht
	Not yet due	Up to		6 - 12 months	More than 12 months	Total
		3 months	3 - 6 months			
<b>As of 1 January 2020</b>						
Gross carrying amount						
- Trade receivables and accrued income	1,102,100	-	-	-	-	1,102,100
- Amounts due from related parties	338,578	-	-	-	7,348,342	7,684,918
Loss allowance	-	-	-	-	(7,348,342)	(7,348,342)

	Separate financial statements					Unit: Baht
	Not yet due	Up to		6 - 12 months	More than 12 months	Total
		3 months	3 - 6 months			
<b>As 31 December 2020</b>						
Gross carrying amount						
- Trade receivables and accrued income	-	-	-	-	-	-
- Amounts due from related parties	636,940	-	-	-	7,348,342	7,985,282
Loss allowance	-	-	-	-	(7,348,342)	(7,348,342)

M Pictures Entertainment Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2020

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

12.2 Impairments of trade and other receivables (Cont'd)

The reconciliations of loss allowance for trade and other receivables for the year ended 31 December are as follow.

	Unit: Baht			
	Consolidated financial statements			
	Trade receivables and accrued income		Amounts due from related parties	
	2020	2019	2020	2019
31 December prior year - calculated under TAS 101	-	-	-	-
Amounts restated through opening retained earnings	-	-	-	-
Opening loss allowance as at 1 January 2020 - calculated under TFRS 9 (2019: TAS 101)	-	-	-	-
Increase in loss allowance recognised in profit or loss during the year	37,149,500	-	-	-
As of 31 December - calculated under TFRS 9 (2019: TAS 101)	<u>37,149,500</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Unit: Baht			
	Separate financial statements			
	Trade receivables and accrued income		Amounts due from related parties	
	2020	2019	2020	2019
31 December prior year - calculated under TAS 101	-	-	7,348,342	7,348,342
Amounts restated through opening retained earnings	-	-	-	-
Opening loss allowance as at 1 January 2020 - calculated Under TFRS 9 (2019: TAS 101)	-	-	7,348,342	7,348,342
Increase in loss allowance recognised in profit or loss during the year	-	-	-	-
As of 31 December - calculated under TFRS 9 (2019: TAS 101)	<u>-</u>	<u>-</u>	<u>7,348,342</u>	<u>7,348,342</u>

13 Financial assets and liabilities

a) Classification of financial assets and liabilities under TFRS 9 (2019: classification under TAS105)

	Unit: Baht	
	Consolidated financial statements	
	31 December 2020	31 December 2019
	Amortised cost	Amortised cost
<b>Current Asset</b>		
Cash and cash equivalents	94,723,327	97,765,360
Trade and other receivables, net	233,538,599	177,253,471
<u>Less</u> Expected credit losses (2019: Allowance for doubtful accounts under TAS 101)	(37,149,500)	-
<b>Non-Current Asset</b>		
Other non-current asset	11,235	1,957,842
<b>Current liabilities</b>		
Bank overdrafts and short-term borrowings from financial institutions	35,000,000	22,000,000
Trade and other payables	166,517,798	145,964,431

13 Financial assets and liabilities (Cont'd)

a) Classification of financial assets and liabilities under TFRS 9 (2019: classification under TAS105) (Cont'd)

	Unit: Baht	
	Separate financial statements	
	31 December 2020	31 December 2019
	Amortised cost	Amortised cost
<b>Current Asset</b>		
Cash and cash equivalents	16,413,391	5,221,646
Trade and other receivables, net	8,346,282	9,237,018
<u>Less</u> Expected credit losses (2019: Allowance for doubtful accounts under TAS 101)	(7,348,342)	(7,348,342)
Loan to related parties	513,000,000	526,600,000
<u>Less</u> Expected credit losses (2019: Allowance for doubtful accounts under TAS 101)	(379,000,000)	(379,000,000)
<b>Non-Current Asset</b>		
Other non-current asset	11,235	1,263,815
<b>Current liabilities</b>		
Trade and other payables	3,423,639	4,406,898

b) Amounts recognised in profit or loss

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>For the year ended 31 December</b>				
Expected credit losses recognised (2019: impairment losses under TAS 101)	(37,149,500)	-	-	-

c) Expected credit losses for the year

Information about expected credit losses and credit risk of the Group are disclosed in Note 12 and Note 37 iv).

14 Inventories, net

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Finished goods	-	163,057	-	-
<u>Less</u> Allowance for obsolescence and diminution in value of inventories	-	(17,085)	-	-
Finished goods, net	-	145,972	-	-
Goods in transit	-	-	-	-
Inventories, net	-	145,972	-	-

Reversal of allowance for obsolescence and diminution in value of inventories was recognised in the consolidated statement of income amounting to Baht 0.02 million (2019: reverse allowance for obsolescence and diminution in value of inventories amounting to Baht 0.18 million).



M Pictures Entertainment Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2020

15 Other current assets

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Undue input VAT	1,995,043	2,488,699	15,477	24,848
Others	42,562	42,561	-	-
Other current assets	<u>2,037,605</u>	<u>2,531,260</u>	<u>15,477</u>	<u>24,848</u>

16 Investments in subsidiaries, net

	Unit: Baht	
	Separate financial statements	
	2020	2019
Investment in subsidiaries	1,188,426,107	1,188,426,107
<u>Less</u> Allowance for impairment	<u>(951,296,002)</u>	<u>(951,296,002)</u>
Investment in subsidiaries, net	<u>237,130,105</u>	<u>237,130,105</u>

a) Movements of investments in subsidiaries

	Unit: Baht	
	Separate financial statements	
	2020	2019
<b>Investment in subsidiaries</b>		
Opening net book amount	237,130,105	238,330,105
Disposal of a subsidiary	-	(1,200,000)
Closing net book amount	<u>237,130,105</u>	<u>237,130,105</u>

Year 2019

**Metacognitions Company Limited**

The Board of Directors of M Pictures Entertainment Public Company Limited passed a resolution to disposal ordinary shares of Metacognitions Company Limited, subsidiary, totalling 12,000 shares representing to 60% of paid-up share capital amounting to Baht 1.20 million to third party. The Group entered into the agreement and received consideration on sales investment on 30 September 2019. The Group and the Company recognised gain on sales investment amounting to Baht 3,525 which is presented as other income in consolidated financial statements.

Details of disposal of Metacognitions Company Limited are as follow:

	Unit: Baht
	Consolidated financial information
Consideration received from disposal of Metacognitions Company Limited	
Cash and cash equivalent	1,200,000
<u>Less</u> Carrying amount of net assets sold from parent's portion	<u>(1,196,475)</u>
Gain from disposal of Metacognitions Company Limited	<u>3,525</u>

16 Investments in subsidiaries, net (Cont'd)

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

The carrying amounts of assets and liabilities as at the date of disposal a subsidiary are as follows:

	<u>Unit: Baht</u>
Cash and cash equivalent	138,859
Trade account and other receivables	2,708,395
Inventories, net	1,487,271
Withholding tax deducted at sources	112,583
Other current assets	168,423
Buildings and equipment, net	631,650
Other non-current assets	102,000
	<hr/>
Total assets	5,349,181
	<hr/>
Trade account and other payables	(3,099,154)
Undue output VAT	(79,990)
Other current liabilities	(53,319)
Employee benefit obligations	(22,593)
Other non-current liabilities	(100,000)
	<hr/>
Total liabilities	(3,355,056)
	<hr/>
Net assets	1,994,125
	<hr/>
Carrying amount of net assets sold from parent's portion	1,196,475
	<hr/>

M Pictures Entertainment Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2020

16 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 of company/group		% ownership interest of non-controlling interest	
				2020 %	2019 %	2020 %	2019 %
M Pictures Company Limited	Distribution of film rights for cinema, VCD/DVD production and TV broadcast	Shareholder	Thailand	99.99	99.99	0.01	0.01
M V D Company Limited	Distribution of VCD/DVD, Blu-ray and film rights	Shareholder	Thailand	99.99	99.99	0.01	0.01
M Thirty Nine Company Limited	Film production	Shareholder	Thailand	99.99	99.99	0.01	0.01
M Talent Company Limited	Film production, services for all forms of entertainment and sales of pocket books	Shareholder	Thailand	99.99	99.99	0.01	0.01

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.

17 Investments in associate

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Investments in associate	44,556,233	41,032,778	8,457,300	3,457,300
<u>Less</u> Allowance for impairment	-	-	-	-
Investments in associate, net	<u>44,556,233</u>	<u>41,032,778</u>	<u>8,457,300</u>	<u>3,457,300</u>

a) Movement of investments in associate

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Investments in associate</b>				
Opening net book amount	41,032,778	10,464,611	3,457,300	-
Acquisition of investment	20,125,000	57,477,300	5,000,000	3,457,300
Returned of investment	(5,337,000)	(7,350,000)	-	-
Share of loss	(11,307,935)	(19,289,625)	-	-
Share of comprehensive loss	43,390	(269,508)	-	-
Closing net book amount	<u>44,556,233</u>	<u>41,032,778</u>	<u>8,457,300</u>	<u>3,457,300</u>

Year 2020

**Addition of investment**

M Pictures Entertainment Public Company Limited invested in associates as follows:

1. The Company invested in "Last Idol (Thailand) Co., Ltd.", on 2 October 2020, which the Company has percentage of interest 20% with respect to the joint investment agreement. The Company paid 25% of investment which calculated to Baht 5.00 million.

M Pictures Company Limited invested in associates as follows:

1. "Joint Venture Daeng Prakanong", which the Company has percentage of interest 55% with respect to the joint venture agreement. M Pictures Company Limited paid the investment amounting to Baht 15.13 million on 30 September 2020.

**Returned of investment**

M Pictures Company Limited got returned of investment from associates as follows:

1. "Joint Venture Sangkrasue" amounting to Baht 2.94 million on 1 June 2020.
2. "Joint Venture Khun Phaen Fah Feun" amounting to Baht 2.40 million on 9 September 2020.

17 Investments in associate (Cont'd)

a) Movement of investments in associate (Cont'd)

Year 2019

**Addition of investment**

M Pictures Entertainment Public Company Limited invested in associate as follows :

1. "M.P.I.C. (Cambodia) Distribution Co., Ltd.", on 28 August 2018, which the Company has percentage of interest 55% with respect to the joint venture agreement. The Company paid the investment amounting to Baht 3.45 million on 4 June 2019.

M Pictures Company Limited invested in associates as follows:

1. "Joint Venture THAT MARCH", which the Company has percentage of interest 14% with respect to the joint venture agreement. M Pictures Company Limited paid the investment amounting to Baht 3.50 million on 28 January 2019.
2. "Joint Venture OUR LOVE FOREVER", which the Company has percentage of interest 14% with respect to the joint venture agreement. M Pictures Company Limited paid the investment amounting to Baht 3.50 million on 9 April 2019.
3. "Joint Venture CLASSIC AGAIN", which the Company has percentage of interest 39% with respect to the joint venture agreement. M Pictures Company Limited paid the investment amounting to Baht 9.75 million on 13 May 2019.
4. "Joint Venture Khun Phaen Fah Feun", which the Company has percentage of interest 51% with respect to the joint venture agreement. M Pictures Company Limited paid the investment amounting to Baht 23.97 million on 28 June 2019.
5. "Joint Venture Kuen Yutti Tham", which the Company has percentage of interest 70% with respect to the joint venture agreement. M Pictures Company Limited paid the investment amounting to Baht 13.30 million on 23 December 2019.

**Return of investment**

In 2019, M Pictures Company Limited got returned of investment from "Joint Venture Sangkrasue" amounting to Baht 5.25 million on 23 September 2019 and Baht 2.10 million on 9 December 2019.

M Pictures Entertainment Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2020

17 Investments in associate (Cont'd)

b) The details of investments in associates

Associates	Corporated Country	Nature of Business	Nature of relationship	% of ownership interest	
				2020	2019
<b>Associate under M Pictures Entertainment Public Company Limited</b>					
M.P.I.C. (Cambodia) Distribution Co., Ltd.	Cambodia	Distribution of film rights	Direct shareholder	55.00	55.00
Last Idol (Thailand) Co., Ltd.	Thailand	Entertainment	Direct shareholder	20.00	-
<b>Associate under M Pictures Company Limited</b>					
Joint venture Sangkrasue	Thailand	Film production	Indirect shareholder	30.00	30.00
Joint venture Khun Phaen Fah Feun	Thailand	Film production	Indirect shareholder	51.00	51.00
Joint venture THAT MARCH	Thailand	Film production	Indirect shareholder	14.00	14.00
Joint venture OUR LOVE FOREVER	Thailand	Film production	Indirect shareholder	14.00	14.00
Joint venture CLASSIC AGAIN	Thailand	Film production	Indirect shareholder	39.00	39.00
Joint venture Keun Yuttitham	Thailand	Film production	Indirect shareholder	70.00	70.00
Joint venture Daeng Prakanong	Thailand	Film production	Indirect shareholder	55.00	-

The Group has significant influence over Joint venture THAT MARCH and Joint venture OUR LOVE FOREVER even though the shareholding is less than 20% due to one-fifth board representation on contractual terms.

The Group has no contingency related to ownership interest in associates.

17 Investment in associate (Cont'd)

b) The details of investments in associates (Cont'd)

Summarised financial information for associates

The table below is summarised of financial information for associate that performance is material to the Group. The financial information is included in associates own financial statements which has been adjusted with the adjustments necessary for the equity method including, adjusting fair value and differences in accounting policy.

	Unit: Baht	
	Joint venture CLASSIC AGAIN	
	2020	2019
<b>Summarised of performance</b>		
Revenue	20,745,827	-
(Loss) profit from continuing operations	(14,633,212)	53,037
<b>Summarised of statement of financial position</b>		
Current assets	19,320,467	26,232,932
Non-current assets	-	-
Current liabilities	(8,900,642)	(1,179,895)
Net assets	10,419,825	25,053,037
<b>Reconcile to carrying amount</b>		
Group's share in associates (%)	39.00	39.00
Associates carrying amount	4,063,732	9,770,684

The table below is the carrying amount of its interests, in aggregate, all individually immaterial associates that are accounted for using equity method.

	Unit: Baht	
	2020	2019
<b>Aggregate carrying amount of individually Immaterial associates</b>		
The Group's share of:		
Loss from continuing operations	(5,600,982)	(1,224,854)
Total comprehensive loss	(5,600,982)	(1,224,854)

18 Joint Arrangement

a) Investment in joint operation

Investment in joint operation under M Pictures Company Limited

Joint operation	Nature of Business	Nature of relationship	Country of incorporation	% of ownership interest	
				2020 %	2019 %
Joint Venture Hug Terd Tueng	Film production	Indirect shareholder	Thailand	55.00	55.00

Investment in joint operation under M Thirty Nine Company Limited

Joint operation	Nature of Business	Nature of relationship	Country of incorporation	% of ownership interest	
				2020 %	2019 %
Joint Venture Bikeman	Film production	Indirect shareholder	Thailand	70.00	70.00
Joint Venture Gang Tann Zine and Laan25 Naa24	Film production	Indirect shareholder	Thailand	70.00	70.00
Joint Venture Bikeman 2	Film production	Indirect shareholder	Thailand	55.00	55.00
Joint Venture Sam Gler Hua Kaeng and Juad Kathoei Bung Fai	Film production	Indirect shareholder	Thailand	70.00	70.00

The Group holds 55-70% of the voting right in Joint venture Bikeman, Joint venture Gang Tann Zine and Laan 25 Naa 24, Joint venture Bikeman2 and Joint venture Sam Gler Hua Kaeng and Juad Kathoei Bung Fai. However, the Group concluded that it has joint control over the joint arrangement under the contractual agreement which requires unanimous consent from all parties to the agreement. The Group and counterparties to the agreement also, has rights to the net assets of the joint arrangements.

Year 2020

Addition of investment

M Thirty Nine Company Limited invested in joint operation as follows :

- "Joint Venture Sam Gler Hua Kaeng and Juad Kathoei Bung Fai", which the Company has percentage of interest 70% with respect to the joint venture agreement. M Thirty Nine Company Limited paid the investment amounting to Baht 10.85 million on 8 January 2020.

Returned of investment

M Thirty Nine Company Limited got returned of investment in joint operation as follows :

- "Joint Venture Bikeman 2" amounting to Baht 13.48 million on 21 January 2020, 20 August 2020 and 30 November 2020.
- "Joint Venture Gang Tann Zine and Laan25 Naa24" amounting to Baht 3.50 million on 3 February 2020 and amounting to Baht 21.00 million on 5 January 2021.
- "Joint Venture Sam Gler Hua Kaeng and Juad Kathoei Bung Fai" amounting to Baht 9.05 million on 9 September 2020 and 30 November 2020.



18 Joint Arrangement (Cont'd)

a) Investment in joint operation (Cont'd)

Year 2019

Addition of investment

M Pictures Company Limited invested in joint operation as follows :

1. "Joint Venture Hug Terd Tueng", which the Company has percentage of interest 55% with respect to the joint venture agreement. M Pictures Company Limited paid the investment amounting to Baht 9.90 million on 8 October 2019

M Thirty Nine Company Limited invested in joint operation as follows :

1. "Joint Venture Gang Tann Zine and Laan25 Naa24", which the Company has percentage of interest 70% with respect to the joint venture agreement. M Thirty Nine Company Limited paid the investment amounting to Baht 35.00 million on 22 March 2019, 22 May 2019, 24 June 2019 and 22 July 2019.
2. "Joint Venture Bikeman 2", which the Company has percentage of interest 55% with respect to the joint venture agreement. M Thirty Nine Company Limited paid the investment amounting to Baht 13.75 million on 10 May 2019.
3. "Joint Venture Sam Gler Hua Kaeng and Juad Kathoei Bung Fai", which the Company has percentage of interest 70% with respect to the joint venture agreement. M Thirty Nine Company Limited paid the investment amounting to Baht 16.45 million on 14 November 2019, 28 November 2019, 2 December 2019 and 9 December 2019.

Returned of investment

M Thirty Nine Company Limited got returned of investment from "Joint Venture Bikeman" amounting to Baht 8.40 million on 22 March 2019 and 23 September 2019.

b) Investments in joint ventures, net

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Investments in joint ventures	53,648,090	64,160,339	122,074,049	122,074,049
<u>Less</u> Allowance for impairment	(7,300,000)	-	(85,770,049)	(57,770,049)
Investments in joint ventures, net	<u>46,348,090</u>	<u>64,160,339</u>	<u>36,304,000</u>	<u>64,304,000</u>

Movements of investments in joint ventures are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Investments in joint ventures</b>				
Opening net book amount	64,160,339	71,941,795	64,304,000	70,977,074
Acquisition of investment	-	1,304,000	-	1,304,000
Share of loss	(10,517,858)	(8,841,816)	-	-
Share of comprehensive income	5,609	(243,640)	-	-
Allowance for impairment	(7,300,000)	-	(28,000,000)	(7,977,074)
Closing net book amount	<u>46,348,090</u>	<u>64,160,399</u>	<u>36,304,000</u>	<u>64,304,000</u>

18 Joint Arrangement (Cont'd)

b) Investments in joint ventures, net (Cont'd)

Year 2020

As of 31 December 2020, the Group recognized impairment on investments in Transformation Films Company Limited in statement of income, amount of Baht 7.30 million. The Company recognized impairment on investments in Transformation Films Company Limited and Major Kantana Broadcasting Company Limited in statement of income, amount of Baht 28.00 million which was primarily due to the significant decrease in projected revenue arising from external factors as well as market situation and trend.

Year 2019

Addition of investment

The Company invested in an increase in registered share capital of MVP M-Pictures Film Distribution (Lao) Co., Ltd. according to the proportion of existing shareholders in 34,200 shares with a par value of LAK 10,000 per share. The company paid-up for ordinary shares totaling Baht 1.30 million on 20 May 2019.

The details of investments jointly controlled entities are as follows:

Jointly controlled entities	Nature of Business	Nature of relationship	Country of incorporation	Ownership Interest	
				2020 (%)	2019 (%)
Major Kantana Broadcasting Company Limited	Satellite broadcasting and distribution of film rights	Shareholder	Thailand	44.99	44.99
Transformation Films Company Limited	Film production, advertising, TV broadcasting and services for all forms of entertainment	Shareholder	Thailand	34.69	34.69
MVP M-Pictures Film Distribution (Lao) Co., Ltd.	Distribution of film rights for cinema, VCD/DVD production and TV broadcast	Shareholder	The Lao People's Democratic Republic	40.00	40.00

All holdings are investment in ordinary shares.

18 Joint Arrangement (Cont'd)

b) Investments in joint ventures, net (Cont'd)

Summarised financial information for joint ventures

The table below is summarised of financial information for associates that are material to the Group. The financial information is included in associates own financial statements which has been adjusted with the adjustments necessary for the equity method including, adjusting fair value and differences in accounting policy.

Summarised statement of comprehensive income

	Unit: Baht			
	Transformation Films Company Limited		Major Kantana Broadcasting Company Limited	
	2020	2019	2020	2019
Revenue	41,812,653	79,901,462	136,175,667	165,210,982
Cost	(39,440,280)	(59,529,182)	(138,921,365)	(170,927,195)
Other revenue	742,683	38,806	12,183,118	6,914,821
Share of profit of investments in joint ventures	(845,295)	(3,247,095)	1,896,081	5,883,921
Interest income	35,076	87,291	16,610	1,294
Selling and administration expense	(22,202,731)	(25,253,886)	(15,939,003)	(18,759,352)
Depreciation and amortisation	(315,853)	(86,946)	(1,254,507)	(1,895,079)
Interest expense	(20,854)	-	(552,207)	(804,230)
<b>Profit or loss from continuing operations</b>	<b>(20,234,601)</b>	<b>(8,089,550)</b>	<b>(6,395,606)</b>	<b>(14,374,838)</b>
Income tax expense	-	-	(946,648)	(480,560)
<b>Post-tax profit or loss from continuing operations</b>	<b>(20,234,601)</b>	<b>(8,089,550)</b>	<b>(7,342,254)</b>	<b>(14,855,398)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>(49,052)</b>	<b>-</b>	<b>(102,035)</b>
<b>Total comprehensive income</b>	<b>(20,234,601)</b>	<b>(8,138,602)</b>	<b>(7,342,254)</b>	<b>(14,957,433)</b>

Summarised statement of financial position

	Unit: Baht			
	Transformation Films Company Limited		Major Kantana Broadcasting Company Limited	
	2020	2019	2020	2019
<b>Current assets</b>				
Cash and cash equivalents	1,739,997	16,070,002	27,661,370	17,216,678
Other current assets (excluding cash)	85,496,006	149,244,558	84,445,064	104,442,727
<b>Total current assets</b>	<b>87,236,003</b>	<b>165,314,560</b>	<b>112,106,434</b>	<b>121,659,405</b>
<b>Non-current assets</b>	<b>7,843,112</b>	<b>16,840,241</b>	<b>56,231,842</b>	<b>71,708,454</b>
<b>Current liabilities</b>				
Financial liabilities (excluding trade payables)	-	183,500	9,309,480	2,000,000
Other current liabilities (including trade payables)	43,380,982	110,829,368	98,710,416	124,140,631
<b>Total current liabilities</b>	<b>43,380,982</b>	<b>111,012,868</b>	<b>108,019,896</b>	<b>126,140,631</b>
<b>Non-current liabilities</b>				
Other non-current liabilities	1,663,455	872,654	3,639,003	3,205,597
<b>Total non-current liabilities</b>	<b>1,663,455</b>	<b>872,654</b>	<b>3,639,003</b>	<b>3,205,597</b>
<b>Net assets</b>	<b>50,034,678</b>	<b>70,269,279</b>	<b>56,679,377</b>	<b>64,021,631</b>

18 Joint Arrangement (Cont'd)

b) Investments in joint ventures, net (Cont'd)

Summarised statement of financial position (Cont'd)

Reconciliation of summarised financial information

	Unit: Baht			
	Transformation Films Company Limited		Major Kantana Broadcasting Company Limited	
	2020	2019	2020	2019
<b>Opening net assets</b>	70,269,279	78,407,881	64,021,631	78,979,064
Profit (loss) for the period	(20,234,601)	(8,089,550)	(7,342,254)	(14,855,398)
Other comprehensive income	-	(49,052)	-	(102,035)
<b>Closing net assets</b>	<b>50,034,678</b>	<b>70,269,279</b>	<b>56,679,377</b>	<b>64,021,631</b>
Interest in joint venture (34.69% and 44.99%)	17,357,030	24,376,413	25,505,663	28,809,670
Effect from change of percentage of ownership interest	9,201,599	9,201,599	-	-
<b>Carrying value</b>	<b>26,558,629</b>	<b>33,578,012</b>	<b>25,505,663</b>	<b>28,809,670</b>

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	
	2020	2019
Aggregate carrying amount of individually immaterial joint venture		
Profit/(loss) from continuing activities	(194,468)	649,365
Other comprehensive income	5,609	(180,708)
<b>Total comprehensive income</b>	<b>(188,859)</b>	<b>468,657</b>

M Pictures Entertainment Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2020

19 Buildings and equipment, net

	Consolidated financial statements			Unit: Baht
	Buildings and building improvements	Office equipment	Construction in progress	Total
<b>At 1 January 2019</b>				
Cost	10,704,330	24,069,913	-	34,774,243
<u>Less</u> Accumulated depreciation	(9,166,948)	(20,928,628)	-	(30,095,576)
Allowance for impairment	-	(294,029)	-	(294,029)
Net book value	1,537,382	2,847,256	-	4,384,638
<b>For the year ended 31 December 2019</b>				
Opening net book value	1,537,382	2,847,256	-	4,384,638
Additions	-	684,097	-	684,097
Disposals, net	-	(631,650)	-	(631,650)
Write-offs, net	-	(136,978)	-	(136,978)
Depreciation charge (Note 32)	(492,092)	(1,622,575)	-	(2,114,667)
Closing net book value	1,045,290	1,140,150	-	2,185,440
<b>At 31 December 2019</b>				
Cost	10,704,330	22,899,594	-	33,603,924
<u>Less</u> Accumulated depreciation	(9,659,040)	(21,465,415)	-	(31,124,455)
Allowance for impairment	-	(294,029)	-	(294,029)
Net book value	1,045,290	1,140,150	-	2,185,440
<b>For the year ended 31 December 2020</b>				
Opening net book value	1,045,290	1,140,150	-	2,185,440
Additions	58,520	3,562,334	9,892,457	13,513,311
Disposals, net	-	-	-	-
Transfer in (out), net	4,947,196	4,945,261	(9,892,457)	-
Write-offs, net	-	(377)	-	(377)
Depreciation charge (Note 32)	(907,944)	(1,320,067)	-	(2,228,011)
Closing net book value	5,143,062	8,327,301	-	13,470,363
<b>At 31 December 2020</b>				
Cost	15,710,047	27,500,367	-	43,210,414
<u>Less</u> Accumulated depreciation	(10,566,985)	(18,879,037)	-	(29,446,022)
Allowance for impairment	-	(294,029)	-	(294,029)
Net book value	5,143,062	8,327,301	-	13,470,363

M Pictures Entertainment Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2020

19 Buildings and equipment, net (Cont'd)

	Unit: Baht		
	Separate financial statements		
	Buildings and building improvements	Office equipment	Total
<b>At 1 January 2019</b>			
Cost	10,704,330	9,638,916	20,343,246
<u>Less</u> Accumulated depreciation	(9,166,948)	(8,034,729)	(17,201,677)
Net book value	<u>1,537,382</u>	<u>1,604,187</u>	<u>3,141,569</u>
<b>For the year ended 31 December 2019</b>			
Opening net book value	1,537,382	1,604,187	3,141,569
Write-offs, net	-	(136,978)	(136,978)
Depreciation charge (Note 32)	(492,092)	(1,062,197)	(1,554,289)
Closing net book value	<u>1,045,290</u>	<u>405,012</u>	<u>1,450,302</u>
<b>At 31 December 2019</b>			
Cost	10,704,330	8,890,466	19,594,796
<u>Less</u> Accumulated depreciation	(9,659,040)	(8,485,454)	(18,144,494)
Net book value	<u>1,045,290</u>	<u>405,012</u>	<u>1,450,302</u>
<b>For the year ended 31 December 2020</b>			
Opening net book value	1,045,290	405,012	1,450,302
Additions	-	400,000	400,000
Depreciation charge (Note 32)	(492,093)	(292,794)	(784,887)
Closing net book value	<u>553,197</u>	<u>512,218</u>	<u>1,065,415</u>
<b>At 31 December 2020</b>			
Cost	10,704,330	9,290,466	19,994,796
<u>Less</u> Accumulated depreciation	(10,151,133)	(8,778,248)	(18,929,381)
Net book value	<u>553,197</u>	<u>512,218</u>	<u>1,065,415</u>

20 Right-of-use assets

As at 31 December, right-of-use asset balance are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Building and building improvements	11,068,887	-	-	-
Total	<u>11,068,887</u>	<u>-</u>	<u>-</u>	<u>-</u>

M Pictures Entertainment Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2020

20 Right-of-use assets (Cont'd)

For the year ended 31 December, amounts charged to profit or loss and cash flows relating to leases are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Depreciation charge of right-of-use assets:				
Building	826,036	-	-	-
Total	826,036	-	-	-
Addition to the right-of-use assets during the year	11,894,923	-	-	-
Total cash outflow for leases	890,393	-	-	-
Expense relating to leases of low-value assets	134,400	278,400	134,400	278,400

21 Goodwill

	Unit: Baht	
	Consolidated financial statements	
	2020	2019
<b>At 1 January</b>		
Cost	439,069,516	439,069,516
<u>Less</u> Accumulated amortisation	-	-
Accumulated allowance for impairment	(299,927,010)	(299,927,010)
Net book value	139,142,506	139,142,506
<b>For the year ended 31 December</b>		
Allowance for impairment	-	-
Closing net book value	139,142,506	139,142,506
<b>At 31 December</b>		
Cost	439,069,516	439,069,516
<u>Less</u> Accumulated amortisation	-	-
Accumulated allowance for impairment	(299,927,010)	(299,927,010)
Net book value	139,142,506	139,142,506

**M Pictures Entertainment Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2020**

**21 Goodwill (Cont'd)**

Goodwill

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.

	Consolidated financial statements							
	31 December 2020				31 December 2019			
	M Pictures Company Limited Baht	MVD Company Limited Baht	M Talent Company Limited Baht	Total Baht	M Pictures Company Limited Baht	MVD Company Limited Baht	M Talent Company Limited Baht	Total Baht
Goodwill allocation Cost	165,967,777	269,397,064	3,704,675	439,069,516	165,967,777	269,397,064	3,704,675	439,069,516
Less: 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	139,142,506	-	-	139,142,506	139,142,506	-	-	139,142,506

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a 2-year period. Cash flows beyond the 2-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for value-in-use calculations are as follows:

**M Pictures Company Limited**

Gross margin of M Pictures Company Limited <sup>1</sup>	59.00 and 69.00%
Growth rate <sup>2</sup>	0.35%
Discount rate <sup>3</sup>	11.58%

<sup>1</sup> Budgeted gross margin.

<sup>2</sup> Weighted average growth rate used to extrapolate cash flows beyond the budget period.

<sup>3</sup> Pre-tax discount rate applied to the cash flow projections.

These assumptions have been used for the analysis of each CGU within the business segment.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

Recoverable amount calculated based on value in use. If the discount rate is increased by 1% from the rate estimated by the Group, the recoverable amount is still higher than carrying amount of goodwill.



M Pictures Entertainment Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2020

22 Intangible assets, net

	Consolidated financial statements			Unit: Baht
				Separate financial statements
	Computer program	Movies Under Production	Film rights	Computer program
<b>At 1 January 2019</b>				
Cost	5,960,039	192,191,178	1,543,976,111	3,530,234
<b>Less</b> Accumulated amortisation	(4,224,424)	-	(1,467,723,922)	(2,276,732)
Accumulated allowance for impairment	(1,021,060)	-	(18,867,226)	(1,021,060)
<b>Net book value</b>	<b>714,555</b>	<b>192,191,178</b>	<b>57,384,963</b>	<b>232,442</b>
<b>For the year ended 31 December 2019</b>				
Opening net book value	714,555	192,191,178	57,384,963	232,442
Additions	-	171,735,482	6,187,434	-
Transfer in (out)	-	(223,141,209)	223,141,209	-
Amortisation (Note 32)	(218,719)	-	(247,328,252)	(118,380)
Write-off, net (Note 32)	-	(15,464,107)	(5,109,130)	-
impairment (Note 32)	-	(10,000,000)	5,157,737	-
<b>Closing net book value</b>	<b>495,836</b>	<b>115,321,344</b>	<b>39,433,961</b>	<b>114,062</b>
<b>At 31 December 2019</b>				
Cost	5,960,039	125,321,344	1,395,234,471	3,530,234
<b>Less</b> Accumulated amortisation	(4,443,143)	-	(1,342,091,021)	(2,395,112)
Accumulated allowance for impairment	(1,021,060)	(10,000,000)	(13,709,489)	(1,021,060)
<b>Net book value</b>	<b>495,836</b>	<b>115,321,344</b>	<b>39,433,961</b>	<b>114,062</b>
<b>For the year ended 31 December 2020</b>				
Opening net book value	495,836	115,321,344	39,433,961	114,062
Additions	169,137	132,014,771	30,646,175	-
Transfer in (out)	-	(101,215,373)	101,215,373	-
Amortisation (Note 32)	(148,751)	-	(128,328,006)	(34,626)
Write-off, net (Note 32)	(3)	(5,500,000)	(1,035,471)	-
Impairment (Note 32)	-	(33,410,822)	-	-
<b>Closing net book value</b>	<b>516,219</b>	<b>107,209,920</b>	<b>41,932,032</b>	<b>79,436</b>
<b>At 31 December 2020</b>				
Cost	5,580,176	150,620,742	1,377,055,499	3,530,234
<b>Less</b> Accumulated amortisation	(4,042,897)	-	(1,321,413,978)	(2,429,738)
Accumulated allowance for impairment	(1,021,060)	(43,410,822)	(13,709,489)	(1,021,060)
<b>Net book value</b>	<b>516,219</b>	<b>107,209,920</b>	<b>41,932,032</b>	<b>79,436</b>

Amortisation recognised in profit and loss that are related to intangible assets are as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Cost of goods sold	128,328,006	247,328,252	-	-
Administrative expense	148,751	218,719	34,626	118,380

23 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	
	2020	2019	2020	2019
<b>Deferred tax assets:</b>				
Deferred tax assets to be recovered within 12 months	3,649,045	12,783,428	542,288	745,816
Deferred tax assets to be recovered after more than 12 months	10,234,918	8,997,227	682,941	1,570,738
<b>Deferred tax, net</b>	<b>13,928,963</b>	<b>21,780,655</b>	<b>1,225,229</b>	<b>2,316,554</b>

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
At 1 January	21,780,655	17,101,165	2,316,554	2,487,109
Charged to profit or loss	(7,851,692)	4,632,812	(1,091,325)	(184,333)
Tax charged/(credit) relation to components of other comprehensive income	-	46,678	-	13,778
At 31 December	<b>13,928,963</b>	<b>21,780,655</b>	<b>1,225,229</b>	<b>2,316,554</b>

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

	Unit: Baht			
	Consolidated financial statements			
	1 January 2020	Increase (decrease) in profit or loss	Increase (decrease) in profit or loss in other comprehensive income	31 December 2020
<b>Deferred income tax assets</b>				
Tax losses carried forward	1,739,255	(1,139,292)	-	599,963
Investment in associates at equity method	4,831,024	3,232,156	-	8,063,180
Depreciation of building improvements	6,433	3,146	-	9,597
Amortisation of film rights	14,327,481	(10,031,909)	-	4,295,572
Employee benefits	876,462	84,189	-	960,691
Total	<b>21,780,655</b>	<b>(7,851,692)</b>	<b>-</b>	<b>13,928,963</b>
<b>Deferred income tax, net</b>	<b>21,780,655</b>	<b>(7,851,692)</b>	<b>-</b>	<b>13,928,963</b>

23 Deferred income taxes (Cont'd)

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

	Unit: Baht			
	Consolidated financial statements			
	1 January 2019	Increase (decrease) in profit or loss	Increase (decrease) in profit or loss in other comprehensive income	31 December 2019
<b>Deferred income tax assets</b>				
Tax losses carried forward	1,840,336	(101,081)	-	1,739,255
Investment in associates at equity method	-	4,831,024	-	4,831,024
Depreciation of building improvements	12,329	(5,896)	-	6,433
Amortisation of film rights	14,426,207	(98,726)	-	14,327,481
Employee benefits	822,293	7,491	46,678	876,462
<b>Total</b>	<b>17,101,165</b>	<b>4,632,812</b>	<b>46,678</b>	<b>21,780,655</b>
<b>Deferred income tax, net</b>	<b>17,101,165</b>	<b>4,632,812</b>	<b>46,678</b>	<b>21,780,655</b>
				Unit: Baht
	Separate financial statements			
	1 January 2020	Increase (decrease) in profit or loss	Increase (decrease) in profit or loss in other comprehensive income	31 December 2020
<b>Deferred income tax assets</b>				
Tax losses carried forward	1,739,255	(1,139,292)	-	599,963
Depreciation of building improvements	6,433	3,164	-	9,597
Employee benefits	570,866	44,803	-	615,669
<b>Total</b>	<b>2,316,554</b>	<b>(1,091,325)</b>	<b>-</b>	<b>1,225,229</b>
<b>Deferred income tax, net</b>	<b>2,316,554</b>	<b>(1,091,325)</b>	<b>-</b>	<b>1,225,229</b>
				Unit: Baht
	Separate financial statements			
	1 January 2019	Increase (decrease) in profit or loss	Increase (decrease) in profit or loss in other comprehensive income	31 December 2019
<b>Deferred income tax assets</b>				
Tax losses carried forward	1,840,336	(101,081)	-	1,739,255
Depreciation of building improvements	12,329	(5,896)	-	6,433
Employee benefits	634,444	(77,356)	13,778	570,866
<b>Total</b>	<b>2,487,109</b>	<b>(184,333)</b>	<b>13,778</b>	<b>2,316,554</b>
<b>Deferred income tax, net</b>	<b>2,487,109</b>	<b>(184,333)</b>	<b>13,778</b>	<b>2,316,554</b>

M Pictures Entertainment Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2020

23 Deferred income taxes (Cont'd)

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

Deferred income tax assets are recognised for tax loss and carried forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable.

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 2020, the Group did not recognise deferred income tax assets of Baht 96.82 million in respect of tax losses carried forward approximately Baht 484.12 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
<b>Expiry year</b>		
2021	147.82	66.30
2022	158.92	-
2023	33.48	-
2024	129.38	9.04
2025	14.52	-
	<u>484.12</u>	<u>75.34</u>

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

24 Other non-current assets, net

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Guarantees on buildings rental and others	11,235	1,957,842	11,235	1,263,815
Other non-current assets, net	<u>11,235</u>	<u>1,957,842</u>	<u>11,235</u>	<u>1,263,815</u>

25 Borrowings

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Current</b>				
Short-term borrowings from financial institutions	35,000,000	22,000,000	-	-
Current portion of lease liability	1,726,498	-	-	-
Total current borrowings	<u>36,726,498</u>	<u>22,000,000</u>	<u>-</u>	<u>-</u>
<b>Non-Current</b>				
Lease liabilities	9,468,870	-	-	-
Total non-current borrowing	<u>9,468,870</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total borrowings	<u>46,195,368</u>	<u>22,000,000</u>	<u>-</u>	<u>-</u>

**M Pictures Entertainment Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2020**

**25 Borrowings (Cont'd)**

The bank borrowings are secured over a part of ultimate parent company. Lease liabilities are effectively secured as the right to the leased asset revert to the lessor in the event of default.

Lease liabilities

Maturity of lease liabilities are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
<b>Minimum lease liabilities payments</b>				
Not later than one year	2,136,942	-	-	-
Later than 1 year but not later than 5 years	9,007,765	-	-	-
Later than 5 years	1,374,051	-	-	-
	12,518,758	-	-	-
<u>Less</u> Future finance charges on leases	(1,323,390)	-	-	-
Present value of lease liabilities	11,195,368	-	-	-
Lease liabilities				
- Current	1,726,498	-	-	-
- Non-current	9,468,870	-	-	-
<b>Present value of lease liabilities:</b>				
Not later than one year	1,726,498	-	-	-
Later than 1 year but not later than 5 years	8,112,701	-	-	-
Later than 5 years	1,356,169	-	-	-
	11,195,368	-	-	-

**26 Trade and other payables**

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade accounts payable	153,144,129	130,414,247	-	-
Amounts due to related parties (Note 37)	36,763,185	31,086,482	374,612	1,235,583
Other payables	4,868,932	5,057,243	1,769,461	1,413,980
Accrued expenses	7,675,552	8,846,459	1,279,566	1,757,335
Trade accounts and other payables	202,451,798	175,404,431	3,423,639	4,406,898

27 Employee benefit obligations

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Statement of financial position:				
Retirement benefits				
- Retirement benefit by law	4,317,927	3,939,206	2,752,435	2,550,496
- Post-employment benefit	351,279	327,842	289,867	273,636
	4,669,206	4,267,048	3,042,302	2,824,132
Other long term benefit	134,047	115,264	36,040	30,197
Liability in the statement of financial position	4,803,253	4,382,312	3,078,342	2,854,329
Profit or loss charge included in operating profit for:				
Retirement benefits				
- Retirement benefit by law	456,696	309,988	245,767	769,845
- Post-employment benefit	25,751	(42,542)	16,231	62,885
	482,447	267,446	261,998	832,730
Other long term benefit	18,784	7,732	5,843	5,833
	501,231	275,178	267,841	838,563
Remeasurement for:				
Retirement benefits				
- Retirement benefit by law	-	233,386	-	68,888
- Post-employment benefit	-	12,250	-	5,233
	-	245,636	-	74,121
Other long term benefit	-	2,843	-	908
	-	248,479	-	75,029

**Retirement benefits**

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

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

**Other long term benefit**

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

M Pictures Entertainment Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2020

27 Employee benefit obligations (Cont'd)

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

Retirement benefits:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
At 1 January	4,267,048	5,009,805	2,824,132	3,147,856
Current service cost	407,998	715,880	224,158	463,965
Past service cost	-	(565,143)	-	297,191
Interest cost	72,449	104,459	37,840	66,342
Benefit paid	(80,289)	(1,225,343)	(43,828)	(1,225,343)
Decreasing from disposal of a subsidiary	-	(18,246)	-	-
Loss(gain) from change in financial assumptions	-	245,636	-	74,121
At 31 December	4,669,206	4,267,048	3,042,302	2,824,132

The principal actuarial assumptions used were as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Retirement benefits:</b>				
Retirement benefit by law				
Discount rate	1.38%	1.38%	1.32%	1.32%
Future salary increases rates	3.50% - 9.00%	3.50% - 9.00%	3.50% - 9.00%	3.50% - 9.00%
Turnover rates	0.00% - 37.00%	0.00% - 37.00%	0.00% - 37.00%	0.00% - 37.00%
Post-Employment benefit				
Discount rates	1.44%	1.44%	1.34%	1.34%
Turnover rates	0.00% - 37.00%	0.00% - 37.00%	0.00% - 37.00%	0.00% - 37.00%
Gold price	20,000 Baht/	20,000 Baht/	20,000 Baht/	20,000 Baht/
	1 Baht (Gold)	1 Baht (Gold)	1 Baht (Gold)	1 Baht (Gold)
Gold price increasing rate	3.50%	3.50%	3.50%	3.50%

Sensitivity analysis for each significant assumption disclosed

	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	2020	2019	2020	2019	2020	2019
<b>Retirement benefits:</b>						
Retirement benefit by law						
Discount rate	0.50%	0.50%	Decrease by 2.23%	Decrease by 2.19%	Increase by 2.35%	Increase by 2.30%
Salary growth rates	0.50%	0.50%	Increase by 3.01%	Increase by 2.23%	Decrease by 2.88%	Decrease by 2.14%
Turnover rates	10.00%	10.00%	Decrease by 8.60%	Decrease by 5.65%	Increase by 10.34%	Increase by 6.71%
Mortality improvement rates	0.50%	0.50%	Decrease by 0.02%	Decrease by 0.01%	Increase by 0.02%	Increase by 0.01%
Post-employment benefit						
Discount rate	0.50%	0.50%	Decrease by 1.42%	Decrease by 1.56%	Increase by 1.49%	Increase by 1.64%
Gold price increasing rate	0.50%	0.50%	Increase by 2%	Increase by 1.61%	Decrease by 1.91%	Decrease by 1.55%
Turnover rates	10.00%	10.00%	Decrease by 5.54%	Decrease by 3.74%	Increase by 6.71%	Increase by 4.47%
Mortality improvement rates	0.50%	0.50%	Decrease by 0.01%	Decrease by 0.01%	Increase by 0.01%	Increase by 0.01%

27 Employee benefit obligations (Cont'd)

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 has been applied as when calculating the retirement benefit liabilities recognised within the statement of financial position.

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

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

	Consolidated financial statement				Unit : Baht
	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
At 31 December 2020					
Retirement benefits:					
Retirement benefit by law	1,059,691	424,016	124,241	6,076,923	7,684,871
Post-employment benefit	63,581	35,080	23,553	303,242	425,456
At 31 December 2019					
Retirement benefits:					
Retirement benefit by law	-	1,059,691	424,016	6,201,164	7,684,871
Post-employment benefit	-	63,581	35,080	326,795	425,456

	Separate financial statement				Unit : Baht
	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
At 31 December 2020					
Retirement benefits:					
Retirement benefit by law	1,059,691	424,016	124,241	1,804,587	3,412,535
Post-employment benefit	63,581	35,080	23,553	104,417	226,631
At 31 December 2019					
Retirement benefits:					
Retirement benefit by law	-	1,059,691	424,016	1,928,828	3,412,535
Post-employment benefit	-	63,581	35,080	127,970	226,631

28 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 2019	1,313,117,176	1,300,119,176	1,300,119,176	453,981,276
Shares reduction by decreasing in par value	-	-	(650,059,588)	-
Distributions to deficits	-	-	-	(321,368,974)
At 31 December 2019	1,313,117,176	1,300,119,176	650,059,588	132,612,302
Shares reduction by decreasing in par value	-	-	-	-
Distributions to deficits	-	-	-	-
At 31 December 2020	1,313,117,176	1,300,119,176	650,059,588	132,612,302



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

On 9 January 2019, the Extraordinary General Meeting of Shareholders 1/2019 approved the transfer of legal reserves of Baht 3,813,156 and share premium of Baht 321,368,974 to offset the Company's deficits and also approved par value adjustment of ordinary shares from Baht 1.00 each to Baht 0.50 each. These will affect a decreasing in registered share capital from Baht 1,313,117,176 to Baht 656,558,588 and a decreasing in paid-up share capital from Baht 1,300,119,176 to Baht 650,059,588. The Company then transferred surplus from share reduction of Baht 262,223,893 to offset with the residual deficit.

The total numbers of authorised ordinary shares are 1,313.11 million shares (2019: 1,313.11 million shares) with a par value of Baht 0.50 per share (2019: Baht 0.50 per share).

29 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#2	24 April 2015	13.00	1 : 1.00	1.84	30 June 2017	23 April 2020

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

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

	Consolidated financial statements		Separate financial statements	
	Average exercise price Baht per share	Option	Average exercise price Baht per share	Option
At 1 January 2019	1.84	5,329,180	1.84	5,329,180
Forfeited	-	(1,039,840)	-	(1,039,840)
At 31 December 2019	1.84	4,289,340	1.84	4,289,340
At 1 January 2020	1.84	4,289,340	1.84	4,289,340
Forfeited	-	(4,289,340)	-	(4,289,340)
At 31 December 2020	-	-	-	-

During 2020, no options of warrants (ESOP#2) has been exercised and 4,289,340 options have been forfeited (2019: no options of warrants (ESOP#2) has been exercised and 1,039,840 options have been forfeited).

As at 31 December 2020, the Company had no outstanding options (2019: 4,289,340 options).

M Pictures Entertainment Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2020

30 Legal reserve

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
At 1 January	-	3,813,156	-	3,813,156
Distributions to deficits	-	(3,813,156)	-	(3,813,156)
At 31 December	-	-	-	-

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.

31 Contract liabilities

The Group has recognised the following liabilities related to contracts with customers:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Contract liabilities				
- Current	36,819,131	17,794,910	-	-
- Non-current	-	-	-	-
<b>Total contract liabilities</b>	<b>36,819,131</b>	<b>17,794,910</b>	<b>-</b>	<b>-</b>

Revenue recognised in relation to contract liabilities

Revenue recognised in the current reporting period relates to carried-forward contract liabilities

	Unit: Baht	
	Consolidated financial statements	Separate financial statements
	2020	2020
- Revenues from films production and film rights distribution	17,794,910	-
- Sales of goods	-	-
- Advertising income	-	-

M Pictures Entertainment Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2020

32 Expense by nature

Significant expenses by nature carried out are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Staff costs	28,380,234	42,276,877	10,849,671	11,011,728
Depreciation on building and equipment (Note 19)	2,228,011	2,114,667	784,887	1,554,289
Amortization of intangible assets				
- Computer software (Note 22)	148,751	218,719	34,626	118,380
- Film rights (Note 22)	128,328,006	247,328,252		-
Write-off intangible assets				
- Film Under Production (Note 22)	5,500,000	15,464,107	-	-
- Film rights (Note 22)	1,035,471	5,109,130	-	-
Impairment of assets (reversal)				
- Film under production (Note 22)	33,410,822	10,000,000	-	-
- Film rights (Note 22)	-	(5,157,737)	-	-
Impairment of inventories (reversal)	(17,085)	(182,121)	-	-

33 Finance costs

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Finance costs</b>				
Bank borrowings	1,460,554	2,445,523	-	-
Lease liabilities	190,837	1,204	-	1,204
Total	1,651,391	2,446,727	-	1,204

34 Income tax

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>For the year ended 31 December</b>				
Current income tax	5,283,527	16,782,386	-	-
Deferred income tax: Origination and reversal of temporary differences	7,851,692	(4,632,812)	1,091,325	184,333
Income tax	13,135,219	12,149,574	1,091,325	184,333

**M Pictures Entertainment Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2020**

**34 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	
	2020	2019	2020	2019
Profit (Loss) before income tax	(51,245,739)	27,971,672	(27,324,676)	4,461,674
Tax calculated at a tax rate of 20% (2019: 20%)	(10,249,148)	5,594,334	(5,464,935)	892,335
Tax effect of:				
Associate and joint ventures' results reported net of tax	4,898,299	5,094,560	-	-
Income not subject to tax	(3,417)	(4,400,000)	-	(4,400,000)
Expenses not deductible for tax purpose	697,542	175,315	53,908	22,134
Temporary differences in which no deferred income tax asset was recognised	15,301,783	4,835,221	8,202,354	1,760,941
Utilisation of previously unrecognised tax losses	1,139,292	101,081	1,139,292	101,081
Tax losses for which no deferred income tax asset was recognised	1,370,868	837,563	(2,839,294)	1,807,842
Unrealised gain (losses) from intercompany transaction	(20,000)	(88,500)	-	-
Tax charge	<u>13,135,219</u>	<u>12,149,574</u>	<u>1,091,325</u>	<u>184,333</u>

**35 (Loss) earnings per share**

Basic (loss) profit earnings per share are calculated by dividing the net (loss) profit 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	
	2020	2019	2020	2019
(Loss) profit (Baht)				
Net (loss) profit attributable to ordinary shareholders of the company	(64,380,958)	17,545,450	(28,416,001)	4,277,341
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>(0.05)</u>	<u>0.01</u>	<u>(0.02)</u>	<u>0.00</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.

**M Pictures Entertainment Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2020**

**35 (Loss) earnings per share (Cont'd)**

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

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
(Loss) profit (Baht)				
Net (loss) profit attributable to shareholders of the company	(64,380,958)	17,545,450	(28,416,001)	4,277,341
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	-	-	-	-
Weighted average number of ordinary shares for diluted (loss) earnings per share	1,300,119,176	1,300,119,176	1,300,119,176	1,300,119,176
Diluted (loss) earnings per share (Baht per share)	(0.05)	0.01	(0.02)	0.00

**36 Change in liabilities arising from financing activities**

	Consolidated financial statements		
	Short term borrowing	Lease Liabilities	Total
<b>Liabilities as at 1 January 2019</b>	15,000,000	-	15,000,000
Cash in flows	72,000,000	-	72,000,000
Cash outflows	(65,000,000)	-	(65,000,000)
Acquisitions - lease liabilities	-	-	-
Other non-cash movements	-	-	-
<b>Liabilities as at 31 December 2019</b>	22,000,000	-	22,000,000
Cash in flows	35,000,000	-	35,000,000
Acquisitions - lease liabilities	-	13,409,151	13,409,151
Other non-cash movements			
- Accrued interest	-	(1,323,390)	(1,323,390)
Cash outflows			
- Principle	(22,000,000)	(699,556)	(22,699,556)
- Interest	-	(190,837)	(190,837)
<b>Liabilities as at 31 December 2020</b>	35,000,000	11,195,368	46,195,368

**37 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 (2019: 92.46%). All subsidiaries and associates of Major Cineplex Group Company Limited are considered as related parties.

M Pictures Entertainment Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2020

37 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	
	2020	2019	2020	2019
<b>Management fee income</b>				
Subsidiaries	-	-	12,000	14,400
Associate	530	290	-	-
Related companies	-	-	1,370	800
Joint operation	288	173	-	-
Joint ventures	720	840	720	840
	<u>1,538</u>	<u>1,303</u>	<u>14,090</u>	<u>16,040</u>
<b>Sales of goods and services</b>				
Parent company	89,405	58,521	-	-
Associate	22,582	54,284	-	-
Related companies	21,051	15,838	-	-
Joint operation	4,222	1,604	-	-
Joint ventures	3,855	5,941	-	-
	<u>141,115</u>	<u>136,188</u>	<u>-</u>	<u>-</u>
<b>Advertising income</b>				
Parent company	-	355	-	-
Subsidiaries	-	-	176	1,270
Associate	-	297	-	-
Related companies	2,000	49,850	100	200
Joint operation	45	90	-	-
Joint ventures	150	3,200	150	3,200
	<u>2,195</u>	<u>53,792</u>	<u>426</u>	<u>4,670</u>
<b>Interest income</b>				
Subsidiaries	-	-	7,639	3,706
Joint ventures	-	22	-	22
	<u>-</u>	<u>22</u>	<u>7,639</u>	<u>3,728</u>
<b>Other income</b>				
Subsidiaries	-	-	-	22,000
Associate	-	29	-	-
Joint operation	-	11	-	-
	<u>-</u>	<u>40</u>	<u>-</u>	<u>22,000</u>

In 2019, the company received payment from loan to subsidiary that was written off in 2017 of Baht 22.00 million.

37 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	
	2020	2019	2020	2019
<b>Purchase of goods and services</b>				
Parent company	1,112	-	-	-
Related companies	277	-	-	-
Joint venture	-	1,775	-	-
	<u>1,389</u>	<u>1,775</u>	<u>-</u>	<u>-</u>
<b>Advertising expense</b>				
Parent company	730	1,355	-	-
Related companies	176	29	-	-
Joint venture	3	-	-	-
	<u>909</u>	<u>1,384</u>	<u>-</u>	<u>-</u>
<b>Rental and service expenses</b>				
Parent company	313	625	313	625
Related companies	1,130	-	-	-
	<u>1,443</u>	<u>625</u>	<u>313</u>	<u>625</u>

During 2020, the Group had been supported for produce Thai films from ultimate parent company in totalling amount of Baht 34.22 million. These Thai films were released during the period and recognised as Cost of films production and film rights sold.

Pricing policies for related party transactions are as follows:

	Pricing policies
Advertising fees	Agreed prices as stipulated in the agreements
Film rights	Agreed prices as stipulated in the agreements
Rental and services	Agreed prices which approximate to market price
Interest charge	Agreed rate at 4.00% per annum
Management fees	Agreed prices as stipulated in the agreements

37 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		Separate	
	financial statements	financial statements	financial statements	financial statements
	2020	2019	2020	2019
<b>Trade accounts receivable</b>				
(included in "Trade accounts receivable and other receivables")				
Parent company	15,895	79	-	-
Associate	8,112	13,158	-	-
Related companies	3,097	91	-	-
Joint operation	1,514	1,414	-	-
Joint ventures	5,492	5,566	-	1,102
Total trade accounts receivable	<u>34,110</u>	<u>20,308</u>	<u>-</u>	<u>1,102</u>
<b>Accrued income</b>				
Parent company	34,104	1,645	-	-
Associate	330	1,300	-	-
Related companies	8,531	368	-	-
Joint operation	1,430	735	-	-
Joint ventures	1,273	2,285	-	-
Total accrued income	<u>45,668</u>	<u>6,333</u>	<u>-</u>	<u>-</u>
Trade accounts receivable and accrued income, net	79,778	26,641	-	1,102
<u>Less</u> Expected credit losses under TFRS9 2019: TAS101)	-	-	-	-
Trade accounts receivable and accrued income, net	<u>79,778</u>	<u>26,641</u>	<u>-</u>	<u>1,102</u>
<b>Amount due from related parties</b>				
Parent company	-	-	-	-
Subsidiaries	-	-	7,985	7,685
Associate	-	31	-	-
Related companies	7	-	-	-
Joint operation	-	12	-	-
Joint ventures	-	54	-	-
Total amount due from	7	97	7,985	7,685
<u>Less</u> Expected credit losses under TFRS9 (2019: TAS101)	-	-	(7,348)	(7,348)
Amount due from related parties, net	<u>7</u>	<u>97</u>	<u>637</u>	<u>337</u>
<b>Guarantee paid for rental and service</b>				
(included in "Non-current assets")				
Parent company	-	1,253	-	1,253



37 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	
	2020	2019	2020	2019
<b>Trade accounts payable</b> (included in "Trade accounts payable and other payables")				
Parent company	726	375	-	-
Associate	14,699	3,113	-	-
Related companies	317	35	-	-
Joint operation	1,625	1,270	-	-
Joint venture	6,589	12,013	-	-
Total trade accounts payable	<u>23,956</u>	<u>16,806</u>	<u>-</u>	<u>-</u>
<b>Amount due to related parties</b>				
Parent company	36,086	12,290	57	135
Associate	-	17,290	-	-
Joint operation	360	50	-	-
Joint venture	-	355	-	-
Committee	317	1,101	317	1,101
Total amount due to related parties	<u>36,763</u>	<u>31,086</u>	<u>374</u>	<u>1,236</u>
Liabilities under lease related companies	11,195	-	-	-

iv) Short-term loans to related parties

	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Subsidiaries</b>				
At 1 January - net	-	-	147,600	191,000
Loans made during the year	-	-	100	32,500
Loans repaid during the year	-	-	(13,700)	(21,900)
<u>Less</u> Expected credit losses under TFRS9 (2019: under TAS101)	-	-	-	-
At 31 December - net	<u>-</u>	<u>-</u>	<u>134,000</u>	<u>201,600</u>
<b>Joint venture</b>				
At 1 January - net	-	1,304	-	1,304
Loans made during the year	-	-	-	-
Loans repaid during the year	-	(1,304)	-	(1,304)
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total short-term loans to related parties	<u>-</u>	<u>-</u>	<u>134,000</u>	<u>201,600</u>

37 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 4.00% per annum (2019: 2.00% per annum) and are due at call.

In 2019, loans to joint venture are unsecured and carry interest at the rate of 4.60% per annum and are due at call.

The reconciliations of loss allowances for loans to related parties for the year ended 31 December 2020 are as follows:

	Unit: Baht'000	
	Consolidated financial statements	Separate financial statements
<b>As at 31 December 2019, as per TAS 101</b>	-	325,000
Amount restated through opening retained earnings	-	54,000
Opening loss allowance as at 1 January 2020		
- calculated under TFRS 9	-	379,000
Increase in loss allowance recognised in profit or loss during the year	-	-
Loans written off during the year as uncollectible	-	-
Unused amount reversed	-	-
<b>As at 31 December 2020</b>	<b>-</b>	<b>379,000</b>

Loans to related parties are measured at amortised cost. Management considered that the book value is nearly to the fair value since management regularly reassessed the expected credit loss.

v) Key management compensation

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

	Unit: Baht'000			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Short-term employee benefits	4,958	6,701	1,336	1,714
Retirement benefit by law	127	122	76	73
Post-employee benefits	5	5	4	4
Other long term benefit	-	1	-	-
	<b>5,090</b>	<b>6,829</b>	<b>1,416</b>	<b>1,791</b>

38 Commitments and contingencies

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

As at 31 December 2020, the Company and its subsidiaries had commitments in respect of long-term lease and service of equipment and building 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	
	2020	2019	2020	2019
Not later than 1 year	1.96	0.09	0.11	0.09
Later than 1 year but not later than 5 years	3.00	0.19	0.02	0.19
Total operating lease commitments	<b>4.96</b>	<b>0.28</b>	<b>0.13</b>	<b>0.28</b>

**38 Commitments and contingencies (Cont'd)**

**ii) Commitments from purchase of film rights**

As at 31 December 2020, the Group had commitments in respect of purchases of film rights amounting to USD 0.84 million payable within two years (2019: USD 0.30 million).

**iii) Commitments from film productions**

As at 31 December 2020, 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 35.23 million (2019: Baht 90.85 million).

# M PICTURES

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