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(Translation)

**Information Memorandum on the Acquisition of Assets and Connected Transactions
of Major Kantana Broadcasting Company Limited and Talent 1 Company Limited
By M Pictures Entertainment Public Company Limited**

The Board of Directors' Meeting of M Pictures Entertainment Public Company Limited (the "Company") No. 3/2013 held on 10 May 2013 has approved 2 Acquisition of Asset Transactions (1) Ordinary shares of M Channel in the amount of 4,000,000 shares (equivalent to 100 percent of the total shares of M Channel) (2) Ordinary shares of T1 in the amount of 320,000 shares (equivalent to 80 percent of the total shares of T1) Total value of the consideration is set at Bt 76.60 million which consists of M Channel's value of consideration of Bt 57.50 million and T1's value of consideration of Bt 19.10 million. The Company will settle by offering new issued shares at the offering price of Bt 2.71 per share. In the matter of attending The Board of Directors' Meeting and voting in the Transaction, the interested directors, namely are Mr. Vicha Poolvorluck, Mr. Chate Mungkhalodom and Miss Thitapat Issarapornpat did not attend or vote on this resolution due to a conflict of interest in this transaction. Important details are as follows:

1. Date/month/year of the Transaction

Within 2013

2. Parties

Purchaser: M Pictures Entertainment Public Company Limited (the "Company")

Sellers: 1. Major Cineplex Group Public Company Limited ("MAJOR") which is shareholder of M Channel (holding 1,799,996 shares or equivalent to 45% of the total shares of M Channel) and shareholder of T1 (holding 320,000 shares or equivalent to 80% of total shares of T1).

As of 10 May 2013, MAJOR is the major shareholder of the Company (holding 74.36 % of total issued and paid-up capital) Therefore, this transaction is considered as a connected transaction in accordance to the Notification of the Capital Market Supervisory Board No. Tor. Jor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transaction. B.E. 2546 (2003) (Notification of SET Re: the Connected Transaction)

2. Mr. Vicha Poolvaraluck who is shareholders of M Channel (holding 4 shares and equivalent to 0% of total shares). As of 5 March 2013, Mr. Vicha Poolvaraluck is director and major shareholder of MAJOR, holding shares in total of 39.35% (Including shares held by connected persons).
3. Kantana Group Public Company Limited (Kantana) which is shareholder of M Channel (holding 899,998 shares or equivalent to 22.50% of total shares) Nevertheless, Kantana does not have relationship with the Company, and does not have connected persons with the Company in accordance to the Notification of the SET Re: the Connected Transactions.
4. Total of 4 individual shareholders of M Channel (holding total 1,300,002 shares or equivalent to 32.50% of total shares). Nevertheless, those 4 individual shareholders of M Channel do not have relationship with the Company, and are not connected persons with the Company in accordance to the Notification of SET Re: the Connected Transactions.

3. General features of the Transaction

Transaction The acquisitions of assets transaction and the connected transaction deriving from the purchase of 4,000,000 shares of M Channel and 320,000 shares of T1.

Type and size of the Transaction The size of transaction represents 110% of the consolidated net tangible asset of the Company and its associates, based on the latest audited consolidated financial statement as of 31 March 2013, which is considered as Class 1 transaction in accordance to Notification of the Capital Market Supervisory Commission No. Tor Jor 20/2551 Re: the acquisition and Disposition of Assets and the Notification of the Stock Exchange of Thailand Re: Disclosure of Information concerning the acquisition and Disposition of Assets of Listed Companies B.E. 2547 (2004) (Notification of SET RE: the Acquisition and Disposition of Assets).

Furthermore, as MAJOR is a major shareholder of the Company holding 476,830,789 shares in total as of 10 May 2013 (equivalent to 74.36% of the total issued shares of the Company) and Mr. Vicha Poolvaraluck who is a director and the major shareholder of MAJOR, the purchase of M Channel's and T1's shares from MAJOR and Mr. Vicha Poolvaraluck is also regarded as a Connected Transaction pursuant to the Notification of the Capital Market Supervision Board No. Tor Chor. 21/2551 Re: Rules for Connected Transactions, and the Notification of the

Stock Exchange of Thailand Re: Disclosure of Information and Performance of Listed Companies Concerning Connected Transactions B.E. 2546 (the "Connected Transaction Notification"). The size of the Transactions is equal to 111% of consolidated Net Tangible Assets of the Company and its subsidiaries pursuant to the consolidated financial statements of the Company ended 31 March 2013.

4. Details of acquired assets

4.1 M Channel

M Channel is operating cable Television business. As of 31 March 2013, M Channel had total registered and paid-up capital of Bt 40.00 million, consisted of 4 million shares with par of Bt 10 each. List of shareholders as of 12 September 2012 is presented below

	Shareholder	No. of shares	% of total shares
1.	MAJOR	1,799,996	45.0
2.	Kantana Group Public Company Limited	899,998	22.5
3.	Mrs. Surang Prempree	899,998	22.5
4.	Mr. Sayamrat Laohasukkasem	400,000	10.0
5.	Mr. Vicha Poolvaraluck	4	0.0
6.	Mr. Jaruek Kallayacharuek	2	0.0
7.	Mr. Surachet Assawaruanganant	2	0.0
	Total	4,000,000	100.0

Remark

As of 10 May 2013, MAJOR is major shareholder of the Company, holding 74.36% of total paid-up shares. As of 10 May 2013, Mr. Vicha Poolvaraluck, director and major shareholder of MAJOR, held 39.35% of total issued and paid-up shares as of 5 March 2013 (Including shares held by connected person). Thus, the acquisition of M Channel's shares from MAJOR and Mr. Vicha Poolvaraluck is considered as the connected transaction in accordance to the Notification of SET Re: the Connected Transactions.

As of 27 February 2013, M Channel's Board of Directors was composed of 6 members as follows

1. Mr. Jaruek Kallayacharuek
2. Mrs. Sasikorn Chanthaset
3. Mr. Surachet Assawaruanganant
4. Mr. Vicha Poolvaraluck
5. Mr. Chate Mungkhalodom
6. Mr. Sayamrat Laohasukkasem

Table summarizing financial position and performance as of 31 December 2012 and 31 March 2013 is as follow

(Unit: million baht)

	31 March 2013	31 December 2012
Cash and cash equivalents	21.36	11.51
Trade account and other receivables	34.61	41.89
Film rights	40.04	14.54
Total assets	131.87	77.76
Trade account and other payables	54.49	17.95
Total liabilities	70.28	24.19
Issued and fully paid-up share capital	40.00	40.00
Retained Earning	13.57	13.57
Total shareholders' equity	61.58	53.57
Services Income	33.36	103.40
Cost of providing services	(17.53)	(53.85)
Administrative expenses	(6.17)	(22.94)
Net Profit (Loss)	8.01	24.12

4.2 T1

T1 engages in film production and entertainment businesses. As of 31 March 2013, T1 had total registered and paid-up capital of Bt 40.00 million, consisted of 400,000 shares with par of Bt 100 each. List of shareholders as of 1 June 2012 is presented below.

	Shareholder	No. of shares	% of total shares
1.	MAJOR	320,000	80.0
2.	Mr. Kriangkrai Kanchanaphokhin	32,000	8.0
3.	Mr. Sirichai Tantipong-Anant	16,000	4.0
4.	Miss Laddawan Ratanadilokchai	14,400	3.6
5.	3 Hanuman Co.,Ltd	8,000	2.0
6.	Mr. Kijja Wongwari	4,000	1.0
7.	Miss Wanida Mongkolwit	1,200	0.3
8.	Mr. Sasawat Thanyaphongphithak	1,200	0.3
9.	Miss Nopchalai Wongwatthanakarn	1,200	0.3
10.	Miss Duangdao Khamput	1,000	0.3
11.	Mrs. Ruethaiwan Wongsirasawad	1,000	0.3
	Total	400,000	100.0

Remark

As of 10 May 2013, MAJOR is major shareholder of the Company, holding 74.36% of total paid-up shares. Thus, acquisition of T1's shares from MAJOR is considered as connected transaction in accordance to the Notification of the SET Re: the Connected Transactions.

As of 10 January 2013, T1's Board of Directors was composed of 4 members as follows

1. Miss Laddawan Ratanadilokchai
2. Mr. Kriangkrai Kanchanaphokhin
3. Ms. Thitapat Issarapornpat
4. Mr. Chate Mangkalodom

Table summarizing financial position and performance as of 31 December 2012 and 31 March 2013 is as follow

(Unit: million baht)

	31 March 2013	31 December 2012
Cash and cash equivalents	5.14	11.85
Trade account and other receivables	5.95	7.23
Film under production	27.59	9.20
Inventories	5.54	5.36
Total assets	50.75	38.13
Trade account and other payables	11.04	10.54
Total liabilities	26.88	11.45
Issued and paid-up share capital	40.00	40.00
Retained Earning	(16.13)	(13.32)
Total shareholders' equity	23.87	26.68
Services Income	6.56	40.54
Cost of providing services	(5.28)	(29.68)
Administrative expenses	(4.43)	(18.77)
Net Profit (Loss)	(2.80)	(6.34)

5. Value of the Consideration

Total value of the consideration is set at Bt 76.60 million which consists of M Channel's value of consideration of Bt 57.50 million and T1's value of consideration of Bt 19.10 million. The Company will settle by offering new issued shares at the offering price of Bt 2.71 per share

6. Value of asset acquired

As of 31 March 2013, the net tangible assets of M Channel shares and T1 shares acquired are Bt 79.88 million, consisting of M Channel's net tangible assets of Bt 61.28 million and T1's net tangible assets of Bt 18.60 million.

7. Determination basis for the value of the Consideration

The Company used 2 criteria in determining appropriate value for shares of M Channel and T1 by referring to the Financial Statements of M Channel and T1 as of 31 March 2013.

1. Book Value Approach
2. The average of historical closing price trading on the Stock Exchange of Thailand for 15 days prior to the Directors' Meeting No.3/2013 which will be held on 10 May 2013.

Nevertheless, book values of M Channel and T1 as of 31 March 2013 are Bt 61.58 million and Bt 23.87 million, respectively.

8. Net Profit (Loss) after tax of asset acquired

Unit: million baht

Company	31 March 2013	2012	2011
M Channel	8.01	24.12	(3.50)
T1 (80% acquisition of shares)	(2.24)	(5.07)	(5.58)

Note - T1 incorporated on 25th May 2011

9. Expected benefits to the Company

The company anticipated that these transactions will establish the value added to its operations and enhance competitiveness and profitability. M Channel will manage cable television advertising and media services, while T1 will manage its own film rights.

10. Source of fund

The company will offer newly issued shares to the sellers for the exchange of the acquisition of M Channel and T1 shares as follows

- Offer total number of 21,200,000 newly issued shares to MAJOR and 6 minority shareholders of M Channel. MAJOR and 6 minority shareholders will make payment by mean of share swap transaction, instead of cash payment. Value of their ownership interest in M Channel is Bt 57.50 million. (The swap ratio of is 5.30 newly issued shares of the Company to 1 shares of M Channel ,and fraction of shares will be disregarded)
- Offer total number of 7,040,000 newly issued shares to MAJOR of T1. MAJOR shareholders will make payment by mean of share swap transaction, instead of cash payment. Value of their ownership interest in T1 is Bt 19.10 million. (The swap ratio of is 22 newly issued shares of the Company to 1 shares of T1,and fraction of shares will be disregarded)

11. Detail of securities issued for payment of assets acquired

The Company will offer newly issued shares of 28,240,000 at the offering price of Bt 2.71 per share. The newly issued security holders will entitle the identical right and benefits as present shareholder of the Company.

12. Condition of entering the Transaction

Since the transaction is considered as connected transaction and classified as Class 1 according to Notification of SET RE: the Acquisition and Disposition of Assets, the Company is compulsory to report and disclose the transaction information to the Stock Exchange of Thailand and to receive approval of transaction from Shareholder's Meeting with at least three-fourths of total votes of shareholders/ proxies attending the meeting and entitled to vote, excluding interested shareholders'

votes. The Company will send its shareholders the Invitation Notice of the Shareholders' Meeting no less than 14 days prior to the date of the Shareholders' Meeting.

Nevertheless, the Company shall agree to purchase M Channel and T1 shares only after Shareholders' Meeting approves the capital increase and the issuance of newly shares to the sellers for the settlement of the purchases of M Channel and T1's shares, and all relevant agreements have been signed, and the condition precedent related to the agreements has been completed.

13. Opinion of the Board of the Directors concerning a decision to enter into the Transaction

The Board of Directors with the attendance of all audit committee have opined that the entering of these transactions are reasonable for the Company's business operations and shall bring the utmost advantage to the Company by strengthening its business operations, competitiveness, and profitability potential

14. Opinion of the Board of Directors and/or the Audit Committee which is different

-None-

15. Nature and scope of interest of Connected Persons

Since MAJOR is the major shareholder with 74.36% interest of all issued shares of the Company, the acquisition of M Channel and T1 shares is considered the connected transaction in accordance with the Notification of the Stock Exchange of Thailand Re: the Connected Transactions.

Nevertheless, in considering the connected transaction, the interested directors, namely are [Mr. Vicha Poolvaraluck and Mr. Chate Mangkalodom who are the directors of both M Channel and the Company], and [Ms. Thitapat Issarapornpat and Mr. Chate Mangkalodom who are directors of T1 and the Company]. As the acquisition of M Channel and T1 shares is considered the connected transaction in accordance with the Notification of SET Re: the Connected Transactions, the interested directors, namely are Mr. Vicha Poolvaraluck, Mr. Chate Mangkalodom and Ms. Thitapat Issarapornpat did not attend and had no voting rights in the Board of Directors' Meeting.

16. The Company's information

16.1 Nature of business

The Company has engaged in a movie business through its subsidiaries, consisting of a foreign film rights importing and distributing business, a Thai moviemaking business, producing movies on VCD, DVD and Blue-Ray, and/or selling rights for those movie release on Free TV, Cable TV, Pay Digital TV, Internet and/or IPTV. Currently, the Company has invested in its 5 subsidiaries as follows:

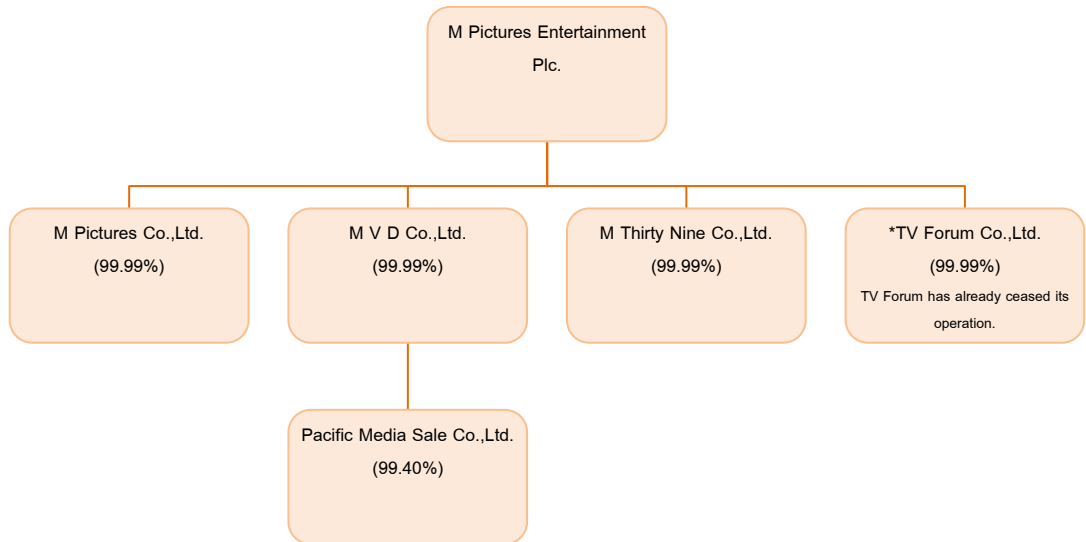
- 1) M Pictures Co.,Ltd ("MP") engages film business by buying international and Thai films for showing through cinemas and permitting film copyrights on remuneration basis to home entertainment manufacturers to manufacture DVD, VCD and Blur-Ray. Furthermore, the company sell licenses to media companies to broadcast the Company's films through Free TV,

Cable TV, Internet and/or Digital Cable TV. M V D Co.,Ltd. (“MVD”) manufacture and distribute VCD, DVD, and Blue-ray from overseas studio and Thai studio.

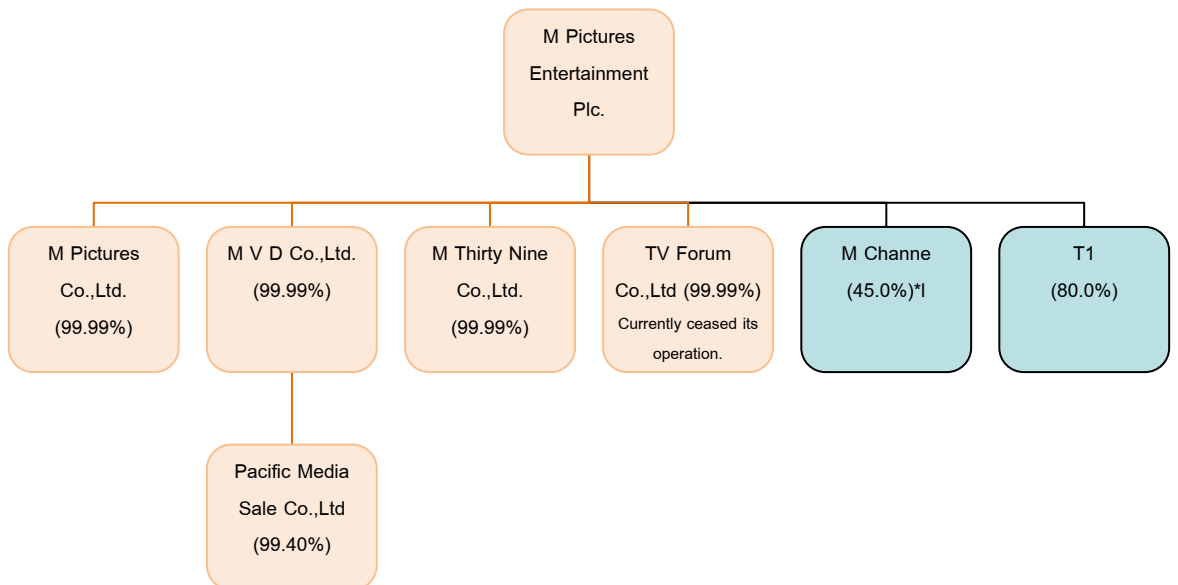
- 2) Pacific Media Sales Co.,Ltd. (“PMSL”) engages business as VCD and DVD distribution.
- 3) M Thirty Nine Co.,Ltd. (“M39”) engages in business as Thai film production for showing through cinemas and as permitting film copyrights on remuneration basis to home entertainment manufacturers to produce VCD, DVD, Blue-Ray and as selling film copyrights to broadcast through Cable TV and Free TV.
- 4) TV Forum Co.,Ltd.(“TVF”) engages in the marketing management services, as well as advertising media business, by providing rental of program equipment, as well as agent for the sale of advertising media. However, the Company has already ceased business operation.

16.2 Shareholding Structure

Pre-transaction shareholding structure



Post-transaction shareholding structure



Note* Proportion of ownership interest would be 45% in case that MAJOR enter into share swap transaction and 100% in case that MAJOR and other shareholders of M Channel enter into share swap transaction.

Revenue structure of the Company and its subsidiaries

Business Line	2010		2011		2012		Jan.-Mar. 2013	
	THB mm	%	THB mm	%	THB mm	%	THB mm	%
Film rights	127.35	11.33	162.77	15.50	177.93	18.12	115.23	48.04
VCD/DVD	794.86	70.69	699.08	66.57	609.61	62.09	81.70	34.07
Thai film production	202.15	17.98	188.30	17.93	194.24	19.79	42.90	17.89
Sport, news, magazines and others	-	-	-	-	-	-	-	-
Total revenue	1,124.36	100.00	1,050.15	100.00	981.78	100.00	239.83	100.00

16.3 Financial Statement

Unit: Baht'000

Statement of Financial Position	Consolidated				Company			
	As at 31 December	2010	2011	2012 March 2013	2010	2011	2012	March 2013
Assets								
Current assets								
Cash on hand and cash equivalents	28,868	37,661	99,149	40,886	509	832	2,080	1,041
Trade accounts and other receivables, net	535,264	431,439	428,221	491,722	150,557	347,708	232,315	168,026
Short-term loans to subsidiaries	-	-	-	-	46,320	50,700	87,200	82,200
Short-term loans to other companies, net	4,408	-	-	-	-	-	-	-
Inventories, net	78,598	104,241	71,996	71,035	-	-	-	-
Films under production	10,773	16,637	29,223	31,407	-	-	-	-
Advances to employees for film production	8,217	50,557	28,218	5,238	-	-	-	-
VAT receivable	18,086	16,862	13,459	18,164	9,124	6,749	-	3,678
Withholding tax deducted at sources	24,399	41,567	52,519	38,501	786	2,369	10,172	12,660
Other current assets, net	6,368	12,434	14,199	13,242	2,319	6,387	5,883	1,817
Total current assets	714,981	711,401	736,983	710,195	209,615	414,744	337,650	269,422
Non-current assets								
Investments in subsidiaries, net	-	-	-	-	838,144	838,144	433,144	433,144
Other long-term investment, net	-	-	-	-	-	-	-	-
Buildings and equipment, net	15,561	16,444	18,424	17,615	6,586	7,505	6,486	6,070
Goodwill, net	408,540	408,540	259,540	259,540	-	-	-	-
Computer program, net	3,333	3,120	1,938	1,885	1,395	1,171	791	748
Film rights, net	388,347	391,427	313,865	310,480	450	450	-	-
Other non-current assets, net	2,128	1,452	2,786	1,285	1,061	1,074	994	994
Total non-current assets	817,909	820,983	596,552	590,805	847,636	848,344	441,415	440,956
Total assets	1,532,890	1,532,384	1,333,535	1,301,000	1,057,251	1,263,088	779,065	710,378

Unit: Baht'000

Statement of Financial Position As at 31 December	Consolidated				Company			
	2010	2011	2012	March 2013	2010	2011	2012	March 2013
Liabilities and shareholders' equity								
Current liabilities								
Bank overdrafts and short-term borrowings								
from financial institutions	197,571	473,122	601,468	541,700	-	-	9,220	-
Trade accounts and other payables	221,242	232,676	228,460	202,404	39,044	80,651	97,715	20,204
Current portion of long-term borrowings								
from financial institutions	130,000	5,218	39,454	44,608	-	-	37,017	44,495
Current portion of liabilities								
under finance lease	634	828	813	802	-	189	206	211
Short-term borrowings from related parties	250,000	59,000	10,000	60,000	260,000	347,250	182,000	173,000
Undue output VAT	10,135	11,270	10,505	12,475	10,506	18,598	5,766	3,085
Provision for sales return	37,662	52,517	28,944	28,094	-	-	-	-
Other current liabilities	8,373	7,388	26,882	8,107	338	1,709	7,878	2,346
Total current liabilities	855,617	842,020	946,526	898,190	309,888	448,396	339,804	243,341
Non-current liabilities								
Long-term borrowings from financial institutions	38,125	2,437	45,660	59,932	-	-	45,660	59,932
Liabilities under finance lease	1,585	1,522	752	552	-	576	365	310
Employee benefit obligation	-	3,760	4,302	4,406	-	2,924	3,250	3,296
Deferred tax liabilities				5,966				
Other non-current liabilities	-	-	110	-	360	747	747	747
Total non-current liabilities	39,710	7,719	50,825	70,856	360	4,247	50,022	64,285
Total liabilities	895,327	849,739	997,351	969,046	310,248	452,644	389,826	307,626
Shareholders' equity								
Share capital								
Authorised share capital								
Ordinary shares, 647.66 million shares								
of par Baht 1 each	641,250	641,250	647,663	647,663	641,250	641,250	647,663	647,663
Issued and fully paid-up share capital								
Ordinary shares, 641.25 million shares								
of par Baht 1 each	641,250	641,250	641,250	641,250	641,250	641,250	641,250	641,250
Premium on paid-up capital	304,110	105,753	105,753	105,753	304,110	105,753	105,753	105,753
Retained earnings (deficits)								
Appropriated - legal reserve	-	3,813	3,813	3,813	-	3,813	3,813	3,813
Unappropriated	(307,808)	(68,181)	(414,934)	(419,768)	(198,358)	59,629	(361,868)	(348,960)
Other components of equity		-	291	896		-	291	896
Total equity attributable to shareholders								
of the parent company	637,553	682,635	336,173	331,944	747,003	810,445	389,239	402,752
Non-controlling interests	10	10	10	10	-	-	-	-
Total shareholders' equity	637,563	682,645	336,183	331,954	747,003	810,445	389,239	402,752
Total liabilities and shareholders' equity	1,532,890	1,532,384	1,333,535	1,301,000	1,057,251	1,263,088	779,065	710,378

Unit: Baht'000

Statement of Income	Consolidated				Company			
	2010	2011	2012 an.-Mar. 2013		2010	2011	2012 an.-Mar. 2013	
Revenues								
Sales of VCD and DVD	794,862	699,081	609,609	81,695	-	-	-	-
Revenues from films production and film rights distribution	283,502	264,463	340,052	137,135	-	12,792	17,977	14,680
Management fee income	-	-	-	-	84,112	92,523	61,682	11,215
Advertising income	46,000	86,607	32,121	20,996	15,000	54,456	1,043	-
Total revenues	1,124,363	1,050,151	981,782	239,826	99,112	159,771	80,703	25,895
Cost of sales and services								
Cost of VCD and DVD sold	561,518	513,566	554,627	74,750	-	-	-	-
Cost of films production and film rights	163,884	152,534	232,652	88,182	-	3,907	1,317	248
Cost of advertising	1,261	1,309	5,734	145	-	17,960	-	-
Total cost of sales and services	726,663	667,408	793,013	163,077	-	21,867	1,317	248
Gross profit	397,700	382,743	188,769	76,749	99,112	137,904	79,386	25,647
Other income	15,563	6,445	26,595	2,843	4,618	8,939	6,196	2,319
Selling expenses	(196,396)	(168,321)	(180,456)	(41,736)	(30)	(552)	-	(39)
Administrative expenses	(133,187)	(126,190)	(163,644)	(26,426)	(46,183)	(46,080)	(48,040)	(10,865)
Loss from impairment of goodwill	-	-	(149,000)	-	-	-	-	-
Loss from impairment of investment in subsidiaries	-	-	-	-	-	-	(405,000)	-
Financial costs	(40,188)	(33,549)	(36,961)	(10,298)	(14,595)	(21,355)	(21,983)	(4,154)
(Loss) profit before income tax	43,493	61,128	(314,697)	1,132	42,922	78,855	(389,441)	12,908
Income tax	-	-	-	-	-	-	-	-
(Loss) profit for the period	43,493	61,128	(314,697)	1,132	42,922	78,855	(389,441)	12,908
Profit attributable to:								
Shareholders of the parent	43,493	61,128	(314,697)	1,132	42,922	78,855	(389,441)	12,908
Non-controlling interest	-	-	-	-	-	-	-	-
(Loss) Profit for the period	43,493	61,128	(314,697)	1,132	42,922	78,855	(389,441)	12,908
(loss) earnings per share								
Basic (loss) earnings per share	0.07	0.10	(0.49)	0.00	0.07	0.12	(0.61)	0.02

Unit: Baht'000

Statements of Cash Flows	Consolidated				Company			
	2010	2011	2012	Jan.-Mar. 2013	2010	2011	2012	Jan.-Mar. 2013
Cash flows from operating activities	591,488	476,707	402,548	50,172	(50,637)	(64,177)	144,948	(9,501)
Cash flows from investing activities								
Purchases of equipment	(4,419)	(3,546)	(7,694)	(643)	(702)	(1,700)	(698)	(17)
Proceeds from disposals of equipment	715	91	8	-	-	24	-	-
Purchases of intangible assets	(706)	(49)	(908)	-	(323)	-	(908)	-
Purchases of film rights	(472,982)	(377,796)	(456,440)	(117,238)	-	(3,888)	-	-
Loans to subsidiaries	-	-	-	-	(137,947)	(294,910)	(243,600)	(74,000)
Repayments received from loans to subsidiaries	-	-	-	-	141,228	290,530	207,100	79,000
Short-term loan to a third party	(4,408)	2,747	-	-	-	-	-	-
Net cash receipts from (used in) investing activities	(481,799)	(378,552)	(465,033)	(117,881)	2,256	(9,944)	(38,106)	4,983
Cash flows from financing activities								
Proceeds from (repayments to) bank overdrafts	(35,059)	8,950	10,147	(36,668)	-	-	9,220	(9,220)
Proceeds from short-term borrowings from financial institutions	-	374,900	409,500	41,500	-	-	2,400	-
Repayments to short-term borrowings from financial institutions	(37,400)	(108,300)	(291,300)	(64,600)	-	-	(2,400)	-
Proceeds from short-term borrowings from subsidiaries	-	-	-	-	104,500	423,820	43,350	-
Repayments to short-term borrowings from subsidiaries	-	-	-	-	(131,173)	(145,570)	(159,600)	-
Proceeds from short-term borrowings from major shareholder	207,000	200,000	80,000	190,000	207,000	200,000	80,000	271,000
Repayments to short-term borrowings from major shareholder	(132,054)	(391,000)	(129,000)	(140,000)	(132,054)	(391,000)	(129,000)	(280,000)
Proceeds from long-term borrowings from financial institutions	-	21,800	91,800	30,400	-	-	91,800	30,400
Repayments to long-term borrowings from financial institutions	(90,000)	(182,270)	(14,341)	(10,975)	-	-	(9,122)	(8,651)
Repayment of liabilities under finance lease	(357)	(634)	(785)	(211)	-	-	(194)	(50)
Dividends paid	-	(12,807)	(32,048)	-	-	(12,807)	(32,048)	-
Net cash receipts from (used in) financing activities	(87,870)	(89,361)	123,973	9,446	48,273	74,443	(105,594)	3,479
Net increase (decrease) in cash and cash equivalents	21,819	8,794	61,488	(58,263)	(108)	322	1,249	(1,039)
Opening balance of cash and cash equivalents	7,049	28,868	37,661	99,149	617	509	832	2,080
Closing balance of cash and cash equivalents	28,868	37,661	99,149	40,886	509	832	2,080	1,041

16.4 Operating Results Analysis

Operation results of the Company and subsidiaries

As at 31 December 2011, 2012 and 31 March 2013, the Group reported profit (loss) of Bt 61.1 million, Bt (314.7) million and Bt 1.1 million respectively. The loss as at 31 December 2012 was mainly from reserve impairment of goodwill amounted to Bt 149.0 million

Revenues

As at 31 December 2011, 2012 and 31 March 2013, the Group's total revenues were Bt 1,050.2 million, Bt 981.8 million and Bt 239.8 million, respectively. The decreasing trend in the Group's total revenue was mainly from a decrease in sales of VCD and DVD which is the main source of revenue accounting for an average 68.3% of total revenues for the past 3 years, since the licensing agreement with Major Studio has ended and has not been renewed, and there was a slow-down in video rental business. However, there is an upward trend in movie rights business, since the number of movies released in theatres continually increased and the Company has the effective policy to manage film rights.

Breakdown revenue by line of business presented below:

Business Line	2010		2011		2012		Jan.-Mar. 2013	
	THB mm	%	THB mm	%	THB mm	%	THB mm	%
Film rights	127.35	11.33	162.77	15.50	177.93	18.12	115.23	48.04
VCD/DVD	794.86	70.69	699.08	66.57	609.61	62.09	81.70	34.07

Business Line	2010		2011		2012		Jan.-Mar. 2013	
	THB mm	%	THB mm	%	THB mm	%	THB mm	%
Thai film production	202.15	17.98	188.30	17.93	194.24	19.79	42.90	17.89
Sport, news, magazines and others	-	-	-	-	-	-	-	-
Total revenue	1,124.36	100.00	1,050.15	100.00	981.78	100.00	239.83	100.00

Cost of production and services and gross profit margin

As at 31 December 2011, 2012 and 31 March 2013, the Group's cost of production and services were Bt 667.41 million, Bt 793.01 million, and Bt 163.08 million respectively, and gross profit margin were for 36.4%, 19.2% and 32.0% respectively.

In 2012, gross profit margin of 19.2% was significantly decreased from the prior year due to the higher numbers of movies shown in theatre and higher of production cost and advertising expense. Additionally, the Company changed its amortization basis of film rights to be more suitable, increasing in inventory reserve.

As for 3 months period ended 31 March 2013, gross profit margin was 32.0%, closed to gross margin of 30.8% for the period ended 31 March 2012.

Selling and administrative expenses

As at 31 December 2011, 2012 and 31 March 2013, the Group's total selling and administrative expenses were Bt 294.5 million, Bt 493.1 million and Bt 68.2 million respectively. Expenses were increased from the same period ended of the prior year by 67.4% (2011 vs 2012) and by 24.0% (1Q12 vs 1Q13).

2012's expenses, higher than the prior year by Bt 198.6 million or 67.4%, were due to the reserve impairment of goodwill amounting to Bt 149.0 million in 2012.

Key factors affecting to operation performance

In general, as the Company engages in entertainment business which revenue and performance depends on preference of consumers, popularity, market and economic situation etc. In 2012, the expiry of licensing contract with Major Studio and the downtrend of home entertainment business led to operation loss performance.

16.5 Financial Position Analysis

Asset

As at 31 December 2011, 2012 and 31 March 2013, the Group had total assets of Bt 1,532.4 million, Bt 1,333.5 million and Bt 1,301.0 million respectively. As at 31 March 2013, the Group's assets mainly were accounts receivable-net Bt 491.7 million (or 37.8% of total assets), film right-nets Bt 310.5 million (or 23.9% of total assets), and goodwill-net Bt 259.5 million (or 19.9% of total assets).

During the last 3 years (from 2011 to 1Q13), total assets decreased by Bt 231.4 million. The decrease was mainly due to (1) a decrease of goodwill by 149.0 million due to the reserve impairment of goodwill in 2012 (2) a decrease of film rights by Bt 80.9 million due to the more conservative plan in purchasing and managing film rights. Most of remaining film rights are rights to copy and distribute of film rights and products for home entertainments. (3) a decrease in advances to employee for film production by Bt 45.3 million that most advances were for Thai film production.

Liabilities

As at 31 December 2011,2012 and 31 March 2013, total liabilities were Bt 849.7 million, Bt 997.4 million and Bt 969.0 million respectively. As at 31 March 2013, the liabilities mainly were overdrafts and short-term loans from financial institutions amounting to Bt 541.7 million (or 55.9% of total liabilities), accounts payables amounting to Bt 202.4 million (or 20.9% of total liabilities), and long-term borrowings from financial institutions (including current portion) amounting to Bt 104.5 million (or 10.8% of total liabilities).

During the last 3 years (from 2011 to 1Q13), total liabilities increased by Bt 119.3 million. The increase was mainly due to (1) an increase of overdrafts and short-term loans from financial institutions by Bt 68.6 million due to loan repayment to related companies and funding for working capital. (2) an increase of long-term borrowings from financial institutions (including current portion) by Bt 96.9 million. (3) a decrease of provision for sales return by Bt 24.4 million, mainly for VCD and DVD sales.

As at 31 March 2013, MAJOR, the major shareholder of the Company, is guarantor for bank overdrafts and long-term borrowings from financial institutions.

As at 31 March 2013, the Company had commitments and contingencies as follows

- Bank guarantees in respect of film rights purchases amounting to Bt 17.4 million
- Commitment obligations in respect of long-term rental and service agreement of land and buildings. The future aggregate payment is total of Bt 6.0 million. (Payment within 1 year amounting Bt 4.0 million and within range of 1- 5 year amounting Bt 2.0 million).
- Commitments in respect of purchases of film rights amounting to USD 6.71 million, EURO 0.05 million and Bt 29.00 million, payable over the next 2 years.

- Commitments under film production agreements, advertising agreements with various film directors and other companies. Total commitment related to those agreements for year 2013 is Bt 18.5 million.

Shareholders' equity

As at 31 March 2013, shareholders' equity per consolidated financial statement was Bt 332.0 million, comprising of issued and fully paid-up share capital Bt 641.3 million, premium on paid-up capital Bt. 105.8 million, retained deficits Bt. (415.1) million and non-controlling interests Bt 0.01 million.

As at 31 March 2013, total debt to equity ratio equivalent to 2.9x and interest bearing debt to equity ratio equivalent to 1.9x.

Liquidity

During the last 3 years (from 2011 to 1Q13), the Group had sufficient cash flow to support working capital. For that period, Cash flows from operating activities were Bt 476.7 million, Bt 402.5 million and Bt 50.2 million respectively. Cash flows from operating activities were mainly used for payment of film rights amounting to Bt 377.8 million, Bt 456.4 million and Bt 117.2 million respectively. Nevertheless, during 2012, cash flows from operating activities were not sufficient to pay film right and purchase other assets, thus, The Group borrowed loan from financial institutions amounting to Bt. 205.8 million. In 2012, net cash flows from financing activities were Bt 124.0

Considering the Group's liquidity, current ratio from 2011 to 31 March 2013 had been relatively stable. The average ratios of current ratio was 0.8x, receivable turnover was 2.2x , and payable turnover was 6.1x. Details are illustrated in table below:

Financial Ratio	2010	2011	2012	Q1 2013
Current ratio	0.8	0.8	0.8	0.8
Receivable Turnover	2.2	2.2	2.2	2.1*
Average Collection Period	163	167	163	178*
Payable Turnover	4.3	5.1	6.8	6.3*
Average Payment Period For Payables	85	71	54	58*

Remark: *Annualized figure

16.6 List of Board of Directors as of 18 June 2013

Director		Position
1.	Mr. Thirachai Wuthitham	Chairman of the Board/ Independent Director
2.	Mr. Vicha Poolvorakaks	Vice Chairman of the Board
3.	Mr. Thitakorn Usayaporn	Director
4.	Mr. Padej Hongfa	Director
5.	Mr. Chate Mangkalodom	Director
6.	Mr. Vichate Tantiwanich	Independent Director
7.	Ms. Thitapat Issapornpat	Director

Director		Position
8.	Mr. Thanachai Santichaikul	Chairman of the Audit Committee/ Independent Director
9.	Mr. Autthapol Chodchoi	The Audit Committee / Independent Director

16.7 List of Executive management team as of 18 June 2013

Executive		Position
1.	Mr. Thitakorn Usayaporn	Chief Executive Officer
2.	Ms. Thitapat Issapornpat	Acting Financial and Accounting Director
3.	Mrs. Chanphen Singhanutta	Human Resource and Administration Manager
4.	Mr. Vinai Boonsadao	Legal Manager

16.8 List of 10 major shareholders as of 14 June 2013

Shareholder		Number of shares	%
1.	Major Cineplex Group Plc.	476,830,789	74.4
2.	Thai NVDR Co.,Ltd.	25,087,244	3.9
3.	Mr. Virat Udomsinwatana	9,230,000	1.4
4.	Ms. Sasithon Aek-attasit	8,840,000	1.4
5.	Ms. Pimchai Burapachaisri	8,339,500	1.3
6.	Mrs. Punatree Sawangwongsakul	7,442,500	1.2
7.	Mr. Chairat Saetung	6,948,500	1.1
8.	Mr.Surapan Pattanapitoon	5,555,125	0.9
9.	Ms. Sasithon Ongwasit	4,686,700	0.7
10.	Mr. Vorapong Suwattanapim	4,533,700	0.7
Total		557,494,058	86.9

16.9 Connected transactions

Related party and relationship	Nature of transaction	Value (Million Baht) 2012	Value (Million Baht) Jan-Mar 2013	
MAJOR (major shareholder)	Revenue from sales/ services	90.5	31.0	
	Advertising income	3.0	0.1	
	Other incomes	0.1	-	
	Purchase of goods/ services	2.2	3.5	
	Advertising expenses	2.2	0.8	
	Rental and services expenses	3.8	1.0	
	Interest expenses	1.0	0.4	
	Other expenses	0.0	0.0	
	<u>Balance</u>			
	Trade account receivables - cost of goods/ services	22.9	25.7	
Accrued income	8.7	0.5		
Other account receivables	1.1	1.1		

	Guarantee paid for rental/ services	1.0	1.0
	Trade account payables	0.7	5.5
	Other account payables	3.1	2.5
	Short-term borrowing	10.0	60.0
<u>Related parties</u>			
Major Bowl Group Co.,Ltd.	Advertising income	0.2	-
	Other expenses	0.0	-
Major Kantana Broadcasting Co.,Ltd.	Revenue from sales/ services	2.6	40.1
	Advertising expenses	1.3	0.2
	<u>Balance</u>		
	Trade account receivables	0.4	-
	Other account payables	0.1	0.2
Major Cinead Co.,Ltd.	Revenue from sales/ services	0.2	0.1
	Advertising income	5.5	20.0
	Advertising expenses	0.2	0.1
	<u>Balance</u>		
	Trade account receivables	2.7	42.8
	Accrued income	3.2	21.4
Siam Cineplex Co.,Ltd.	Revenue from sales/ services	13.8	4.3
	Purchase of goods/ services	0.6	1.1
	Advertising expenses	0.2	-
	<u>Balance</u>		
	Trade account receivables	3.4	5.4
	Accrued income	-	0.2
	Trade account payables	-	0.1
EGV Entertainment Plc.	Revenue from sales/ services	17.7	6.2
	Purchase of goods/ services	0.0	0.1
	<u>Balance</u>		
	Trade account receivables	5.9	8.5
	Accrued income	1.9	0.1
	Trade account payables	-	0.1
Mcthai Co.,Ltd.	Revenue from sales/ services	0.2	(0.1)
	<u>Balance</u>		
	Trade account receivables	0.0	(0.1)
Mackenna Land Co.,Ltd.	Advertising expenses	0.1	-
Directors	Other account payables	-	0.3

17. Pending lawsuits/ claims

–None–

18. Summary of significant obligation for the past 2 years

18.1 Home Entertainment Licensing Agreement to sale and distribute Walt Disney, Touchstone, Hollywood and Buena Vista motion pictures

Date of contact	1 October 2012
Agreement	Home Entertainment Licensing Agreement
Party	– Buena Vista Home Entertainment, Inc. (Licensor) – MVD Co.,Ltd., the Company's subsidiary (Licensee)
Objective	Permits licensee rights to manufacture, sell and rent out VCDs, DVDs and BDs of Walt Disney, Touchstone, Hollywood, Buena Vista for home use only
Contract period	1 October 2012 to 30 September 2013
Territory	Thailand, and Limited territory (Cambodia, Myanmar and Laos)
Grant of rights	– Rights to purchase BDs and DVDs-3 – Rights to manufacture, sell, rent out and promote VCDs and DVDs – Promotion of licensed products
Product available for sale and distribution	Products of Walt Disney, Touchstone, Hollywood and Buena Vista as agreed upon
Termination	Either Party breaches or defaults on any one or more clauses as stated in this Agreement
Governing law	The law of the State of California, USA

18.2 Licensing Agent Agreement with Cartoon Network

Date of contact	1 September 2008 (Amendment to this agreement dated 21 April 2009, 12 May 2009, 9 June 2009 and 16 July 2010)
Agreement	Licensing Agent Agreement
Party	– Turner Entertainment Networks Asia, Inc. (Licensor) – MVD Co.,Ltd., the Company's subsidiary (Licensee)
Objective	Permits licensee rights to manufacture, sell and rent out VCDs, DVDs and BDs of Cartoon Network for home use only
Contract period	2 years and 9 months. The end date of the agreement shall be on 30 June 2013.
Territory	Thailand
Grant of rights	– Rights to manufacture, sell, rent out and promote VCDs and DVDs – Promotion of licensed products
Product available for sale and distribution	Products of Cartoon Network as agreed upon
Termination	Either Party breaches or defaults on any one or more clauses as stated in this Agreement
Governing law	The laws of England and Wales

19. Information that could affect to investors' decision making

–None–

20. Independent Financial Advisor's opinion

Asset Pro Management Co.,Ltd., an independent financial advisor (IFA) of the Company on the acquisition of assets and the connected transaction to shareholders, give their opinion concerning the entering to those transactions in the IFS report attached with the invitation letter to attend the Extraordinary General Meeting no. 1/2013. (Please see details in Enclosure 5)

The Director hereby certifies correctness and completeness of disclosed information in this report, neither false nor misleading to any other person and not lacking of significant information deemed necessary.