

Report of opinion of the Independent Financial Advisor on
Acquisition of Assets and Connected Transactions of
M Pictures Entertainment Public Company Limited
(MPIC)

to

The Board of Directors and Shareholders of



M Pictures Entertainment Public Company Limited

Prepared by



Asset Pro Management Company Limited

June 13, 2013

The English translation report has been prepared solely for the convenience of foreign shareholders of MPIC only. If there is discrepancy between the English translation and Thai report, the Thai report shall be definitive and the official document and supersede the English translation report in all aspect of any inconsistency with this English translation report.

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Definitions

Unless otherwise specified or defined, the following definitions apply to this report

MPIC or the Company	:	M Pictures Entertainment Public Company Limited
MAJOR	:	Major Cineplex Group Public Company Limited
M Channel	:	Major Kantana Broadcasting Company Limited
T1	:	Talent One Company Limited
M39	:	M Thirty Nine Company Limited
MP	:	M Pictures Company Limited
MVD	:	MVD Company Limited
Transaction	:	The purchasing of ordinary shares of Major Kantana Broadcasting Company Limited and Talent One Company Limited by MPIC
Share Swap	:	The Company will make a payment for the shares in M Channel and T1 by issuing newly ordinary shares instead of the payment in cash (Share Swap)
The Independent Financial Advisor or IFA	:	Asset Pro Management Company Limited (APM)
SET	:	The Stock Exchange of Thailand
SEC	:	The Securities and Exchange Commission
Bor Jor. /Por 21-01	:	The Notification of the Board of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004
Tor Chor.20/2008	:	The Notification of the Capital Market Supervision Board No.Tor Chor.20/2008 Re: Rules for Significant Transactions Constituting an Acquisition or Disposal of Assets
Tor Chor.21/2008	:	The Notification of the Capital Market Supervision Board No.Tor Chor.21/2008 Re: Rules for Connected Transactions

- (Translation) -

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APM 115/2013

June 13, 2013

Re Opinion of the Independent Financial Advisor on the Acquisition of Assets and the Connected Transactions of M Pictures Entertainment Public Company Limited (MPIC)

To The Audit Committee and the shareholders of M Pictures Entertainment Public Company Limited (MPIC)

RE:

- 1) Resolution of the Board of Directors of M Pictures Entertainment PCL. No.3/2013 dated May 10, 2013
- 2) Information Memorandum in concerning with the Acquisition of Assets Transaction and Connected Transactions regarding the purchasing of ordinary shares of Major Kantana Broadcasting Co., Ltd. and Talent One Co., Ltd. dated May 10, 2013
- 3) Resolution of the Board of Directors of Major Cineplex Group PCL. No.2/2013 dated May 10, 2013 and a revised version dated May 14, 2013
- 4) Form 56-1 of M Pictures Entertainment PCL and Major Cineplex Group PCL
- 5) Audited Financial Statements of M Pictures Entertainment PCL for the year 2010-2012 and Reviewed Financial Statements for the 1st Quarter ended March 31, 2013
- 6) Audited Financial Statements of Major Kantana Broadcasting Co., Ltd. for the year 2010-2012 and Reviewed Financial Statements for the 1st Quarter ended March 31, 2013
- 7) Audited Financial Statements of Talent One Co.,Ltd. for the year 2010-2012 and Reviewed Financial Statements for the 1st Quarter ended March 31, 2013

Whereas the Board of Directors of M Pictures Entertainment PCL ("MPIC" or "the Company") No.3/2013 held on May 10, 2013 resolved to approve the Acquisition of Assets and the Connected Transactions relating to the purchasing of ordinary shares of Major Kantana Broadcasting Co.,Ltd. ("M Channel") and Talent One Co.,Ltd. ("T1") and to propose to the Audit Committee and the Shareholders for approval of the following transactions

- 1) Resolved that the Company purchases 4,000,000 ordinary shares of M Channel or equivalent to 100% of the total issued and paid-up shares and purchases 320,000 ordinary shares of T1 or equivalent to 80% of the total issued and paid-up shares, details are as follows:

- 1.1 The purchase of 4,000,000 ordinary shares of M Channel with par value of Baht 10 or equivalent to 100% of total shares of M Channel at Baht 14.38 per share from MAJOR which is the major shareholder of the Company in the amount of 1,799,996 shares and from all other 6 shareholders of M Channel in the amount of 2,200,004 shares (which include Mr.Vicha Poolvoruluck, a director and the major shareholder of MAJOR, who holds 4 shares in M Channel), amounting to Baht 57.50 million in total. In this regard, the Company will make a payment for the shares in M Channel by issuing 21,200,000 new ordinary shares at the offering price of Baht 2.71 per share to each of the shareholder of M Channel instead of cash payment (in other words, MAJOR and all shareholders of M Channel will receive payment for selling of M Channel held by them in the form of the Company's newly issued shares or Share Swap). The Share Swap ratio will be equal to 5.30 newly issued shares of the Company for 1 M Channel's share (Fraction of a share shall be disregarded).
- 1.2 The purchase of 320,000 ordinary shares of T1 with a par value of Baht 100 per share or equivalent to 80% of the total shares of T1 at the price of Baht 59.70 per share from a sole shareholder – MAJOR, totaling Baht 19.10 million. The Company will make a payment for the shares in T1I by issuing 7,040,000 new ordinary shares at the offering price of Baht 2.71 per share to MAJOR instead of cash payment (in other words, MAJOR will receive payment in the form of new shares of the Company or Share Swap). The Share Swap ratio will be equal to 22 newly issued shares of the Company for 1 T1 share (Fraction of a share shall be disregarded).

The offering price of the new shares is not regarded as the share offering at below the market price as it was calculated from the weighted average trading price of the Company's shares traded on the Stock Exchange of Thailand for 15 consecutive trading days prior to the date of Board of Directors' resolutions (calculated from the market price during April 17–May 9, 2013 at the price of Baht 2.71 per share).

The above transactions are concerned as the assets acquisition of a listed company under the Notification of the Capital Market Supervision Board No.Tor Chor.20/2008 Re: Rules for Significant Transactions Constituting an Acquisition or Disposal of Assets, and the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Performance of Listed Companies Concerning the Acquisition and Disposition of Assets B.E.2004 (the "Acquisition/Disposition Notification"). The size of the transactions related to the acquisition of shares in M Channel and T1 is deemed as type 1 transaction under the Acquisition/Disposition Notification due to involve the transactions between the listed company and subsidiaries of other listed company of which size is 50% or higher (Size of transactions is 110.32%).

Furthermore, MAJOR is a major shareholder of the Company holding a total of 476,830,789 shares or equivalent to 74.36% of total issued and paid-up shares as of May 15, 2013 and Mr.Vicha Poolvoruluck, a director and the major shareholder of MAJOR who holds 35.92% of total issued and paid-up shares of MAJOR as of March 5, 2013. The purchase of M Channel's and T1's shares from MAJOR and Mr.Vicha Poolvoruluck is also concerned as a

Connected Transactions pursuant to the Notification of the Capital Market Supervision Board No.Tor Chor.21/2008 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.2003 (the "Connected Transactions Notification"). The size of the transactions is equal to 111.01% of consolidated Net Tangible Assets of the Company and its subsidiaries pursuant to the consolidated financial statements of the Company ended March 31, 2013.

After the Share Swap Transactions, M Channel and T1 will become the Company's subsidiaries. The Company (in case all shareholders in M Channel sell all of their shares to the Company), will hold 4,000,000 shares in M Channel or equivalent to 100% of total shares and will hold a total of 320,000 shares in T1 or equivalent to 80% of total shares.

In addition, the Board of Directors also resolved to authorize the Board of Directors and/or the Chief Executive Officer and/or any of authorized director of the Company to negotiate, prepare, execute, and deliver the Share Purchase Agreement of M channel and T1 and to tak any action necessary or in connection with the transaction of the said shares in all respects including granting power of attorney, and appointment of the independent financial advisor to provide an opinion to the shareholders regarding the aforesaid Transactions and regarding the Tender Offer of all securities of the Company by MAJOR.

Therefore, the above Transactions, require that the Company prepare the report and disclose information to the Stock Exchange of Thailand and to seek the approval from the Shareholders' Meeting by votes of not less than 3/4 of the total number of shareholders and/or proxies attending the meeting, excluding those who have conflict of interest as per the Notification on Assets Acquisiton and Connected Transactions.

Nonetheless, the Company will enter into the above Transactions on the condition that the Shareholders resolve to approve the said Transactions and that each relevant party execute the relevant Share Purchase Agreement including any other related documents and that conditions precedent to the said Agreement are fulfilled.

The Board of Directors has also acknowledged the letter from MAJOR dated May 10, 2013 stating its intention to make a Voluntary Tender Offer of all securities of the Company from other shareholders of the Company. The Tender Offer price at Baht 2.71 per share, subject to the following conditions:

- (i) The Shareholders' Meeting of the Company has passed the resolution to approve the purchase of the shares in M Channel and T1,
- (ii) MAJOR and the Company have executed the relevant Share Purchase Agreement and any other related documents,
- (iii) The conditions precedent under the said share purchase agreement have been fulfilled and,
- (iv) MAJOR has received the newly issued shares from the Company pursuant to the Share Swap.

- 2) Approved the allotment and offering of 28,240,000 newly ordinary shares at the par value of Baht 1 per share, on a private placement basis at the offering price of Baht 2.71 per share in accordance with the Notification of the Capital Market Supervision Board No.Tor Chor.28/2008 Re: Application for and Approval of Offer for Sale of Newly Issued Shares as per the following details:
- (a) 21,200,000 newly ordinary shares (total value of Baht 57.50 million) will be allotted to MAJOR and other shareholders of M Channel in return for the transfer of their shares in M Channel to the Company for the payment of the subscription price of the newly issued shares of the Company instead of payment by cash. (The Swap Ratio is 1 M Channel's shares to 5.30 the Company's newly ordinary shares. Any fraction of share will be disregarded). The offering and sell of the said shares can be done within one time or from time to time.
- (b) 7,040,000 newly ordinary shares (total value of Baht 19.10 million) will be allotted to MAJOR in return for the transfer of its shares in T1 to the Company for the payment of the subscription price of the newly issued shares of the Company instead of payment by cash. (The Swap Ratio is 1 T1's shares to 22 the Company's newly ordinary shares. Any fraction of share will be disregarded).

In addition, the Board of Directors and/or the Chief Executive Officer and/or any of authorized director of the Company have been authorized to take any actions necessary and in connection with the above mentioned share offering in all respects including specifying the details and conditions thereof, date and time for subscription, payment of subscription price ,granting of power of attorney, and etc.

In accordance with Notification of the Stock Exchange of Thailand ("SET"), the Company has appointed Asset Pro Management Co.,Ltd. (the "Independent Financial Advisor; IFA" or "APM"), the approved financial advisor by the Securities and Exchange Commission, as its Independent Financial Advisor in rendering opinion on the Transaction to the Shareholders. The opinion of the IFA is based on the information and details from the Disclosure of Information to the SET, publicly available information, the Company's audited and reviewed Financial Statements, the Company's information, including any information and documents from the interview with the management and related persons as well as the evaluation of the industry and relevant economic indicators. All information analyzed and prepared for this report is the opinion of the IFA which is based on the assumption that the information and documents is complete,accurate, and prevailing at present. Any future changes in these circumstances may have certain impacts on the study and the opinion of the IFA. In preparing the opinion, neither directly nor indirectly can the IFA certify or guarantee the accuracy and completeness of the information and warranty provided by the Company, M Channel, and T1.

The opinion of the IFA is prepared to provide to the Audit Committee and the Shareholders on reasonableness and benefits to the Company's Shareholders on the Transaction and is based on the currently available information. Therefore, the opinion of the IFA does not ensure against any significant changes after the completion of the Transaction which may have an affect on the Company or the Shareholders.

Summary of Opinion of the Independent Financial Advisor concerning Assets Acquisition and Related Transactions

The Company will enter into the Acquisition of Assets and the Connected Transactions by purchasing of ordinary shares of M Channel in the amount of 4,000,000 shares (par value of Baht 10 per share) or equivalent to 100% of total shares at Baht 14.38 per share from MAJOR which is the major shareholder of the Company in the amount of 1,799,996 shares or equivalent to 45% and from all other 6 shareholders of M Channel (which include Mr.Vicha Poolvorarluck, a director and the major shareholder of MAJOR, whereby holds 4 shares in M Channel) in the amount of 2,200,004 shares or equivalent to 55%, amounting to Baht 57.50 million in total. In this regard, the Company will make a payment for the shares in M Channel by issuing 21,200,000 newly ordinary shares at the offering price of Baht 2.71 per share to each of the shareholders of M Channel instead of the payment of the purchase price of M Channel's shares in cash or in the form of Share Swap. The Share Swap ratio will be equal to 5.30 newly issued shares of the Company for 1 M Channel's share. The Company will also purchase 320,000 ordinary shares of T1 (par value of Baht 100 per share) or equivalent to 80% of total shares at the price of Baht 59.70 per share from a sole shareholder – MAJOR, amounting to Baht 19.10 million in total. The Company will make a payment for the shares in M Channel by issuing and offering of 7,040,000 newly ordinary shares at the offering price of Baht 2.71 to MAJOR instead of the payment of the purchase price of T1's shares in cash. The Share Swap ratio will be equal to 22 newly issued shares of the Company for 1 T1's share.

In accordance with the purchase of ordinary shares of the above companies, the Company has to issue new ordinary shares for the payment of M Channel and T1 in a total amount of 28,240,000 shares (21,200,000 shares + 7,040,000 shares) with a Par Value of Baht 1 per share in the form of private placement to the shareholders of M Channel and T1 who will sell the share to the Company.

The Independent Financial Advisor has the opinion that the capital increase of the Company for the purchase of M Channel and T1 by Share Swap will help strengthening the Company's business and bring in the efficiency in its distribution channel and its movie rights management including in-house production and management of movie distribution rights. Lastly, the synergy will bring in good return to the shareholders in the long run whereby M Channel will generate revenue from selling advertising time via cable TV and T1 will be another unit engaging in producing own movies and managing movie distribution rights.

The Transaction will not affect the group's cash flow because of the Share Swap method between the Company, M Channel and T1; and therefore, no cash payment is made for the shares of these 2 companies. Furthermore, the fair value per share of of the two companies appraised by the IFA are higher than the purchase prices. In other words, the value of the ordinary shares acquired as appraised by the IFA is higher than the cost. The Company and the shareholders will benefit from this transaction. All shareholders (except MAJOR) will face a control dilution effect as the Company increases its registered capital for the Share Swap to to acquire the two companies' share. The control dilution effect will not exceed 4.22%.

The fair value of ordinary shares appraised by the IFA and the appropriate Share Swap ratio can be summarized below:

Fair Value		Agreed Price	Swap Ratio		Remark
<u>MPIC</u> 1.97 – 3.06 Baht / Share	<u>M Channel</u> 32.92 Baht / Share	<u>M Channel</u> 14.38 Baht / Share	<u>Based on Fair Value</u> 16.71 – 10.75 new shares for 1 M Channel share	<u>Agreed Terms</u> 5.3 new shares for 1 M Channel share	Benefit to MPIC
<u>MPIC</u> 1.97 – 3.06 Baht / Share	<u>T1</u> 107.14 Baht / Share	<u>T1</u> 59.70 Baht / Share	<u>Based on Fair Value</u> 54.38 – 35.01 new shares for 1 T1 share	<u>Agreed Terms</u> 22 new shares for 1 T1 share	Benefit to MPIC

The Independent Financial Advisor has an opinion that the shareholders of MPIC should approve the Transactions and the capital increase of MPIC for private placement to the shareholders of M Channel and T1 to make payment for the shares of the 2 companies in the form of Share Swap as per the swap ratio proposed by the Board of Directors.

Nonetheless, the decision to approve such Transaction rests primarily with the shareholders. The opinion of the IFA is based on the assumption that information and documents received and the management and related party interviews are correct, complete, and accurate. The assumptions used by the IFA in the preparation of financial projection are reasonable and are based upon the current situation, condition, and information available during the period of the study for the Transaction. Should there be any material change in such factors, these will affect to the IFA's opinion. In addition, Shareholders should study the information in the documents attached to the Notification of the Extraordinary Shareholders Meeting No.1/2013 in order to make appropriate voting decision.

The Audit Committee and the shareholders can study the information and supporting details of the opinion of the Independent Financial Advisor as follows:

1. Type and Details of Transactions

1.1 Date Month Year of Transactions

Whereas the Board of Directors' Meeting of M Pictures Entertainment PCL. (the "Company") No.3/2013 held on May 10, 2013 has resolved to approve the Acquisition of Assets and the Connected Transactions concerning the purchase of ordinary shares in M Channel and T1. The transactions will the purchase of 4,000,000 ordinary shares of M Channel (par value of Bath 10 per share) or equivalent to 100% at the price of Baht 14.38 per share from MAJOR which is the major shareholder of the Company in the amount of 1,799,996 shares and from all other 6 shareholders (which include Mr.Vicha Poolvorluck, a director and the major shareholder of Major, who holds 4 shares in M Channel) in the amount of 2,200,004 shares, totaling Baht 57.50 million. In this regard, the Company will make payment for the shares of M Channel by issuing 21,200,000 new ordinary shares (par value of Baht 1 per share) at the offering price of Baht 2.71 to each of the shareholders of M Channel instead of the cash payment .The Share

Swap ratio will be 5.3 newly issued shares of the Company for 1 M Channel's share. The Company will also purchase 320,000 ordinary shares of T1 (par value of Baht 100 per share) or equivalent to 80% of the total shares of T1 at the price of Baht 59.70 per share from MAJOR, amounting to Baht 19.10 million in total. In this regard, the Company will make payment for the shares by issuing 7,040,000 new ordinary shares (par value of Baht 1 per share) at the offering price of Baht 2.71 to MAJOR instead of cash payment. The Share Swap ratio will be 22 newly issued shares of the Company for 1 T1's share.

The Board of Directors of the Company has also acknowledged the letter of MAJOR dated May 10, 2013 stating its intention to make a Voluntary Tender Offer of all securities of the Company from other shareholders at the price of Baht 2.71 per share. The Voluntary Tender Offer by MAJOR will be subject to the following conditions:

- 1) The Shareholders' Meeting of the Company has resolved to approve the purchase the shares in M Channel and T1;
- 2) MAJOR and the Company have executed the relevant Share Purchase Agreement and other related documents;
- 3) The conditions precedent under the said Share Purchase Agreement have been fulfilled and;
- 4) MAJOR has received the newly issued shares from the Company pursuant to the Share Swap.

To enter into the above Transactions, the Company needs to obtain the approval from the Shareholders' Meeting concerning the Assets Acquisition and the Connected Transactions as aforementioned by vote of not less than 3/4 of the total number of shareholders and/or proxies who attend the meeting and are eligible to vote. Such vote shall exclude the shareholders who have conflict of interest in accordance with the Notification of the Assets Acquisition and the Connected Transactions. The Shareholders' Meeting is expected to be held on July 30, 2013 and the Transactions are expected to be completed within year 2013.

1.2 Parties and Relationship

1.2.1 Involved Parties : The Purchase of M Channel share from shareholders

Buyer : M Pictures Entertainment PCL. (MPIC)

Seller : Shareholders of Major Kantana Broadcasting Co., Ltd. (M Channel) are as follows:

Shareholders	No.of shares	%
1. <u>Major Cineplex Group Public Company Limited*</u>	1,799,996	45.00%
2. Kantana Group PCL.	899,998	22.50%
3. Mrs. Surang Prempree	899,998	22.50%
4. Mr. Sayamrat Laohasukkasem	400,000	10.00%
5. <u>Mr. Vicha Poolvaraluck**</u>	4	0.0001%
6. Mr. Jaruek Kaljaruek	2	0.0001%
7. Mr. Surachet Assawaruanganant	2	0.0001%
Total	4,000,000	100.00%

Notes :

* - As of May 15 2013, Major Cineplex Group PCL. (MAJOR) was the Company's major shareholder holding 74.36% of total issued and paid-up shares.

** - Mr.Vicha Poolvaraluck has been a director and a major shareholder of MAJOR holding 39.35% (including related persons) as of March 5, 2013.

- Other shareholders in 2, 3, 4, 6, 7 have no relationships with the company and are not connected persons.

*** The Company and M Channel have common directors namely, Mr.Vicha Poolvaraluck and Mr.Chate Mungkhalodom.

Underlying : 4,000,000 ordinary shares of M Channel (par value of Baht 10) which constitutes 100% of
Assets total shares
Share Swap : 5.30 new shares of the Company for 1 share of M Channel
Ratio MPIC has par value of Baht 1 per share; M Channel has par value of Baht 100 per share

1.2.2 Involved Parties : The Purchase of Talent One Co.,Ltd. share from MAJOR

Buyer : M Pictures Entertainment PCL. (MPIC)
Seller : Major Cineplex Group Public Company Limited (MAJOR) as a shareholder of T1 of 320,000 shares or equivalent to 80% of total shares. As of May 15, 2013, MAJOR holds 74.36% of total paid-up shares of the Company. The Company and T1 have the common directors namely, Ms.Thitapat Issarapornpat and Mr.Chate Mungkalodom.

Underlying : 320,000 ordinary shares of T1 (par value of THB 100) or equivalent of 80% of total shares
Assets
Share Swap : 22 new shares of the Company for 1 share of T1
Ratio MPIC has par value of Baht 1 per share; T1 has par value of Baht 100 per share

1.2.3 Involved Parties : The capital Increase of the Company for payment of M Channel and T1 shares

Buyers of new shares : MAJOR and the shareholders of M Channel for the share swap between the Company and M Channel and MAJOR, T1's shareholders, for the share swap between the Company and T1
Seller of new shares : M Pictures Entertainment PCL. (MPIC)
Company engaging in : M Pictures Entertainment PCL. (MPIC)
the Capital Increase
Underlying Assets : Newly issued share of MPIC in a total amount of 28,240,000 shares (par value of Baht 1) divided into 21,200,000 shares for payment of M Channel shares and 7,040,000 shares for payment of T1 shares
Offering Price : Baht 2.71 per share

1.3 List of Connected Person with No Voting Rights

The purchase of shares of M Channel and T1 of the Company is concerned as the connected transactions under the Rules for Connected Transactions as MAJOR is a major shareholder of the Company holding a total of 476,830,789 shares or equivalent to 74.36% of total paid-up shares as of May 15, 2013 and Mr.Vicha Poolvorluck, a director and the major shareholder of MAJOR, holds 35.92% of total paid-up shares of MAJOR as of March 5, 2013. The purchase of M Channel's and T1's shares from MAJOR and Mr.Vicha Poolvorluck is also regarded as Connected Transactions pursuant to the Notification of the Capital Market Supervision Board No.Tor Chor.21/2008 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.2003.

Therefore, in considering the purchase of shares of M Channel and T1, the connected persons who have no rights to vote on the agenda of the said Transactions in the Shareholders' Meeting consist of

1) MAJOR, holding a total of 476,830,789 shares in the Company, and is a major shareholder of M Channel in the proportion of 45% of total shares and a major shareholder of T1 in the proportion of 80% of total shares, is a connected person on the said Transactions.

1.4 Type and Size of Transactions

The above Transactions are concerned as the Assets Acquisition Transactions of a listed company under the Notification of the Capital Market Supervision Board No.Tor Chor.20/2008 Re: Rules for Significant Transactions Constituting an Acquisition or Disposal of Assets, and the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Performance of Listed Companies Concerning the Acquisition and Disposition of Assets B.E.2004. The size of the Transactions is 110.32%, which related to the acquisition of shares in M Channel and T1 are deemed as type 1 transactions under the Acquisition/Disposition Notification, the size of the aforementioned Transactions are equal to 50% or higher.

In the calculation of transactions size pursuant to Acquisition/Disposition Notifications, based on consolidated financial statement of the Company as of March 31, 2013, the calculation details are as follows:

- Acquired Assets Criteria

By comparing the Net Tangible Assets (NTA) of M Channel and T1 with NTA of the Company.

	M Channel	T1 (80% acquired by the Company)
NTA (Financial statement ended March 31, 2013)	Bath 61.28 million	Bath 18.60 million
NTA (the Company's consolidated financial statement as of March 31, 2013)	Bath 72.40 million.	
Size of transactions calculated by value of assets acquired	84.63%	25.69%
Size of transactions	<u>110.32%</u>	

Note : NTA = Total assets – intangible assets – total liabilities – minority interests (if any)

- Net profit after tax from normal business operations Criteria

Since the Company reported a net loss of Baht 325.13 million for the last 12 months (April 1, 2012 - March 31, 2013), the Independent Financial Advisor does not calculate the size of transactions under this approach.

- Total Value of Consideration Paid Criteria

	<u>M Channel</u>	<u>T1</u> (80% acquired by the Company)
Value of consideration paid	Baht 57.50 million	Baht 19.10 million
Total assets (the Company's consolidated financial statement as of March 31, 2013)	Baht 1,301.00 million	
Size of transactions calculated by value of consideration paid	4.42%	1.47%
Total size of transaction	<u>5.89%</u>	

Note : As listed securities are used as the consideration, the higher of market value of such listed securities or net tangible assets will be applied. Therefore, IFA applied the market value in this case.

- Value of securities to be issued by the listed company Criteria

	<u>M Channel</u>	<u>T1</u> (80% acquired by the Company)
No.of shares issued by the Company	21.20 million shares	7.04 million shares
Total issued and paid-up shares	641.25 million shares	
Size of transactions calculated by value of securities to be issued	3.30%	1.10%
Size of transaction	<u>4.40%</u>	

Furthermore, MAJOR is a major shareholder of the Company holding a total of 476,830,789 shares or equivalent to 74.36% of total paid-up shares as of May 15, 2013 and Mr.Vicha Poolvorluck, a director and the major shareholder of MAJOR, holds 35.92% of total paid-up shares of MAJOR as of 5 March 2013. The purchase of M Channel's and T1's shares from MAJOR and Mr.Vicha Poolvorluck is also concerned as Connected Transactions pursuant to the Notification of the Capital Market Supervision Board No.Tor Chor.21/2008 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.2003 (the "Connected Transaction Notification"). The size of the transactions is equal to 111.01% of consolidated Net Tangible Assets of the Company and its subsidiaries pursuant to the consolidated financial statements of the Company ended March 31, 2013.

The Company is therefore obligated to appoint the Independent Financial Advisor in rendering an opinion to the shareholders on the acquisition of assets and the connected transactions relating to the purchase of ordinary shares of M Channel and T1, including the disclosure of information to SET and the holding of the Shareholders Meeting to obtain approval for the said Transactions by votes of not less than 3/4 of the total number of shareholders and/or proxy attending the meeting and having the right to vote, excluding shareholders who have conflict of interest according to the Acquisition/Disposition Notification and the Connected Transactions Notification.

The Company's Extraordinary Shareholders' Meeting No.1/2013 will be held on July 30, 2013 to obtain the approval for such Transactions.

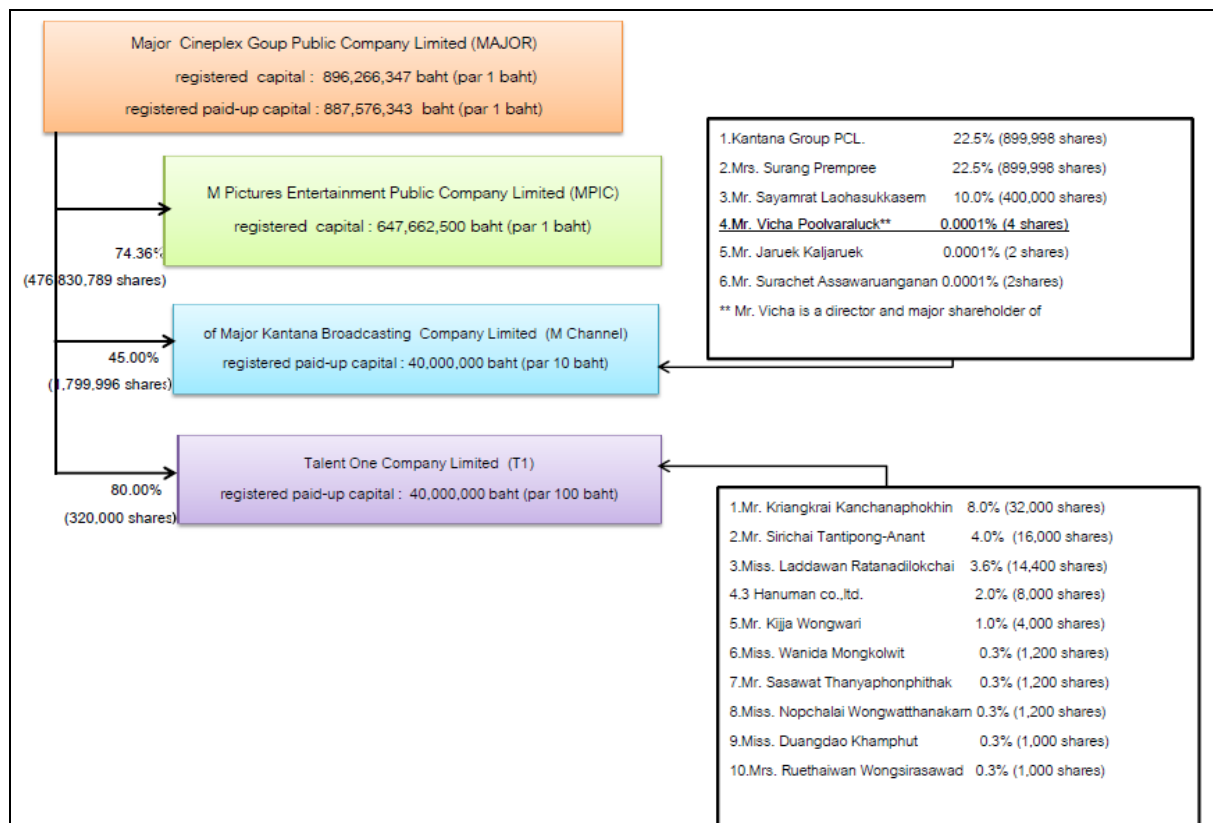
1.5 Type of the Acquired Assets

The Company will purchase 4,000,000 ordinary shares of M Channel (par value of Baht 10 per share) or equivalent to 100% of total shares of M Channel at Baht 14.38 per share from all shareholders, amounting to Baht 57.50 million in total. In this regard, the Company will make payment for the shares in M Channel by issuing 21,200,000 new ordinary shares at the offering price of Baht 2.71 per share to each of the shareholders of M Channel instead of cash payment (Share Swap). The Share Swap ratio will be equal to 5.30 newly issued shares of the Company for 1 share of M Channel.

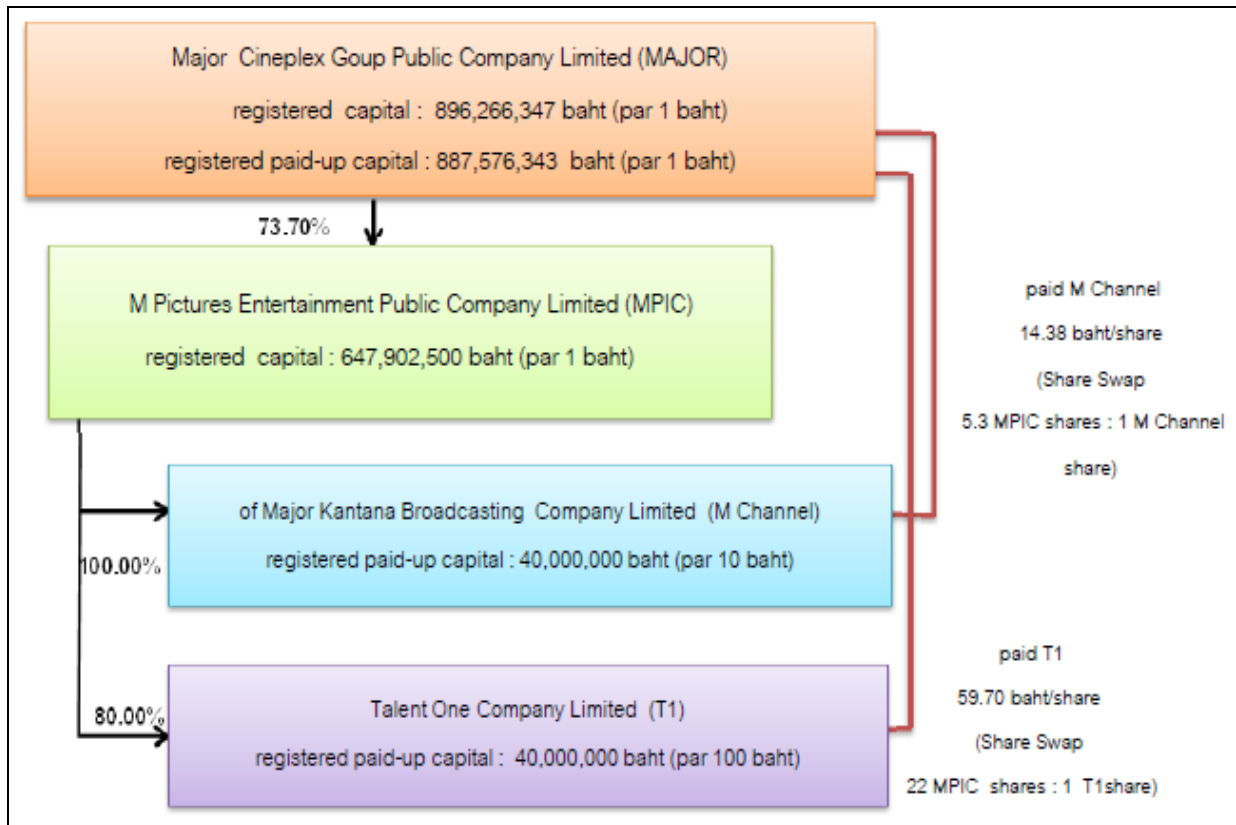
The Company will purchase 320,000 ordinary shares of T1 (par value of Baht 100 per share) or equivalent to 80% of the total shares of T1 at the price of Baht 59.70 per share from the sole shareholder – MAJOR, amounting to Baht 19.10 million in total. The Company will make payment for the shares in M Channel by issuing 7,040,000 new ordinary shares at the offering price of Baht 2.71 per share to MAJOR instead of cash payment (Share Swap). The Share Swap ratio will be equal to 22 newly issued shares of the Company for 1 share of T1.

The structure of the shareholding before and after of the Assets Acquisition and the Connected Transactions relating to the purchase of M Channel's and T1's shares is depicted below:

Shareholding structure before entering into Transactions



Shareholding structure after entering into Transactions



Note : Diagrams illustrated shareholding structure in case that all shareholders of M Channel agree to swap all shares in M Channel for the Company's shares and MAJOR agrees to swap all its T1 shares (80%) for the Company's shares.

Type of Businesses of M Channel and T1 are as follows:

1.5.1 Overview of Business of Major Kantana Broadcasting Co., Ltd. (M Channel)

1. Type of Business

Major Kantana Broadcasting Co., Ltd. ("M Channel"), a joint venture between Major Cineplex Group PCL and Kantana Group PCL, was established on 27 January 2010 with registered capital of Baht 20 million. Currently, the Company has fully issued and paid-up capital of Baht 40 million. Its business is to manage cable TV services broadcasting on "M Channel". Its revenue derives from advertising fee on the said channel.

Business Objectives

- 1) To broadcast programs and movie for entertainment
- 2) To expand viewer base of M Channel and carry on its popularity on M Channel
- 3) To upgrade the quality of programs to match the standard of Free TV

Major Target Group

General viewers aged 14-40 years, all sexes and ages and viewers from all over the country who appreciate watching movies. The secondary target group is viewers living in Thailand and abroad including neighboring countries capable of receiving the satellite signals.

Channels for viewers

Satellite	Type	Channel	Satellite	Type	Channel
DTV	KU band	40	HI Sattelite	C/KU band	73
IPM	C/KU band	77	GMM Z (Gmm)	C/KU band	25
PSI	C band	95	SUN BOX (RS)	C/KU band	81/53
PSI Ok	KU band	16	Vooz(Voisplus)	IPTV	23
Dynasat	KU band	14	TRUE Vision	KU band	55
BIG 4	C/KU band	73	TRUE HD		87
Thaisat	KU band	73	TRUE Life	KU band	64
Ideasat	C band	73	PSI True TV		16
Infosat	C band	73	3BB	IPTV	11
Leotech		73	Q sat	C band	14

2. List of Shareholders

As of December 31, 2012, the Company had registered paid-up capital (only ordinary shares) of Baht 40,000,000 consisting of 4,000,000 ordinary shares with a par value of Baht 10.00 per share.

List of M Channel's Shareholders is as follows:

No.	Shareholders	No.of shares	%
1	Major Cineplex Group PCL.	1,799,996	45.00
2	Kantana Group PCL.	899,998	22.50
3	Mrs. Surang Prempree	899,998	22.50
4	Mr. Sayamrat Laohasukkasem	400,000	10.00
5	Mr. Vicha Poolvaraluck	4	0.00
6	Mr. Surachet Assawaruanganant	2	0.00
7	Mr. Jaruek Kaljaruek	2	0.0
Total		4,000,000	100.00

Source : the Company

2.1 List of top ten major shareholders of Major Cineplex Group PCL as of 5 March 2013 is as follows:

No.	Shareholders	No.of shares	%
1	Mr. Vicha Poolvaraluck	318,840,100	35.92
2	State Street Bank Europe Limited	62,886,497	7.09
3	State Street Bank and Trust Company for Australia	60,513,800	6.82
4	Thai NVDR Co., Ltd.	59,687,377	6.72
5	Mrs. Paradee Poolvaraluck	30,470,436	3.43
6	State Street Bank and Trust Company	25,862,700	2.91
7	HSBC (Singapore) Nominees Pte Limited	17,481,600	1.97

No.	Shareholders	No.of shares	%
8	The Bank of New York (Nominees) Limited	16,151,415	1.82
9	The Bank of New York Mellon – CGT Taxable	15,000,000	1.69
10	TEB for MFC-Thai Fund Investment Plan	9,327,250	1.05

Source : www.set.or.th

2.2 List of top five shareholders of Kantana Group PCL as of 19 July 2011 is as follows:

No.	Shareholders	No.of shares	%
1	Kaljaruek Holdings Co., Ltd. (Kaljaruek family is the major shareholder)	514,319,115	85.72
2	Mr. Exon Binhasan	27063925	4.51
3	Mrs. Sasikorn Chansate	12413300	2.07
4	Mr. Jaruek Kaljaruek	9438750	1.57
5	Mr. Wing Keung Wong	21875	0.01

Source : <https://corpus.bol.co.th/home/>

3. Board of Directors

As of February 27, 2013, the board of directors consists of

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

4. Financial position and operating results

Financial position

Statement of financial position as of December 31, 2010-2013 and March 31, 2013

	March 31, 2013		December 31, 2012		December 31, 2011		December 31, 2010	
	Baht mil	%	Baht mil.	%	Baht mil.	%	Baht mil.	%
Cash on hand and cash equivalent	21.36	16.20%	11.51	14.80%	0.75	1.98%	0.20	0.75%
Trade accounts and other receivables-net	34.61	26.25%	41.89	53.87%	13.59	35.74%	8.75	32.64%
Other receivables	0.22	0.17%	0.47	0.60%	0.56	1.48%	0.03	0.12%
Accrued expenses	6.30	4.78%	1.06	1.36%	0.03	0.08%	0.79	2.94%
Deferred copyrights	53.41	40.50%	14.54	18.70%	12.71	33.42%	7.78	29.02%
Accrued income	3.25	2.47%	-	0.00%	-	0.00%	-	0.00%
Other current assets	4.36	3.31%	4.33	5.56%	3.79	9.97%	3.17	11.82%
Total current assets	123.52	93.67%	72.27	92.93%	30.85	81.12%	19.91	74.23%
Intangible assets	0.31	0.23%	0.31	0.40%	0.36	0.95%	0.42	1.57%

	March 31, 2013		December 31, 2012		December 31, 2011		December 31, 2010	
	Baht mil.	%	Baht mil.	%	Baht mil.	%	Baht mil.	%
Land, building and equipment -net	3.79	2.87%	3.92	5.04%	5.26	13.82%	6.19	23.08%
Non-current assets	4.25	3.22%	1.26	1.63%	1.56	4.11%	0.30	1.12%
Total non current assets	8.34	6.33%	5.50	7.07%	7.18	18.88%	6.91	25.77%
Total assets	131.87	100.00%	77.76	100.00%	38.03	100.00%	26.82	100.00%
Trade accounts and note payable								
Related companies	42.48	32.21%	8.57	11.03%	4.73	12.43%	7.03	26.22%
Others	10.78	8.18%	1.33	1.72%	1.24	3.26%	1.01	3.77%
Accrued expenses	5.26	3.99%	3.15	4.05%	0.90	2.38%	1.01	3.77%
Deferred income	4.27	3.24%	4.89	6.29%	1.62	4.26%	1.83	6.82%
Short term loan from related parties	-	0.00%	-	0.00%	-	0.00%	2.50	9.32%
Other current liabilities	7.50	5.68%	6.24	8.02%	1.09	2.87%	0.49	1.81%
Total current liabilities	70.29	53.30%	24.19	31.11%	9.58	25.20%	13.87	51.71%
Total liabilities	70.29	53.30%	24.19	31.11%	9.58	25.20%	13.87	51.71%
Registered capital	40.00	30.33%	40.00	51.44%	40.00	105.18%	20.00	74.58%
Issued and paid-up capital	40.00	30.33%	40.00	51.44%	39.00	102.55%	20.00	74.58%
Retained earnings								
Appropriated								
Unappropriated	21.58	16.37%	13.57	17.45%	(10.55)	(27.75%)	(7.05)	(26.29%)
Total shareholders' equity	61.58	46.70%	53.57	68.89%	28.45	74.80%	12.95	48.29%
Total liabilities & shareholders' equity	131.87	100.00%	77.76	100.00%	38.03	100.00%	26.82	100.00%

Note : the company

Overview of the Company's Financial Position

Assets

- As of December 31, 2012, the company's cash, receivables, and deferred movie distribution rights increased Baht 39.73 million due to business expansion. This increased its assets by 104.4% from 2011.
- As of March 31, 2013, the company's total assets was Baht 131.87 million, an increase of 69.59% from 2012 due to an increase in cash on hand and deferred movie distribution rights which higher cost and grater amount in order to decrease re-run program.

Liabilities

- As of December 31, 2012, the company's total liabilities was Baht 24.19 million, an increase of 152.51% due primarily to the increase in account paybles from the buying of movie distribution rights and production of additional programs to cater for new program schedule in 2013.
- As of March 31, 2013, the company's total liabilities was Baht 70.28 million, an increase of 190.53% from end 2012 due primarily to the increase in account paybles ffor purchasing of new distribution rights and

increase in the production of various programs. In the past during initial state, the company got special discount on movie right cost from MPIC. Currently MPIC has quoted the cost as same as other clients.

Shareholders' Equity

- As of December 31, 2012, the Company's shareholders' equity was Baht 53.57mn, an increase of 88.30% from 2011 due to increasing operating profit for the year 2012.
- As of March 31, 2013, the Company's shareholders' equity was Baht 61.58mn, an increase of 14.95% due to increasing operating profit for the first quarter of 2013.

Operating results

Statements of income for the year ended 2010-2012 and the 3-month period ended March 31, 2013

	3-month 2013		2012		2011		2010	
	Baht mn	%	Baht mn	%	Baht mn	%	Baht mn	%
Revenue from sales and services	33.36	98.30%	103.40	97.60%	44.77	96.64%	21.42	99.88%
Other revenue	0.58	1.70%	2.55	2.40%	1.56	3.36%	0.03	0.12%
Total revenue	33.93	100.00%	105.95	100.00%	46.33	100.00%	21.45	100.00%
Cost of sales and services	17.72	52.22%	53.85	50.82%	33.97	73.32%	20.03	93.38%
Administrative expenses	6.17	18.19%	22.94	21.66%	15.55	33.56%	8.45	39.39%
Earnings before finance cost and income tax	10.04	29.59%	29.16	27.52%	(3.19)	(6.88%)	(7.03)	(32.76%)
Finance cost	0.00	0.00%	0.00	0.00%	0.32	0.68%	0.02	0.11%
Profit before income tax	10.04	29.59%	29.16	27.52%	(3.50)	(7.56%)	(7.05)	(32.88%)
Income tax	2.03	5.98%	5.03	4.75%	0.00	0.00%	0.00	0.00%
Net profit/(loss) - net	8.01	23.61%	24.12	22.77%	(3.50)	(7.56%)	(7.05)	(32.88%)
Earnings per share (Baht/share)	2.00		6.03		(0.88)		(1.76)	

Note : the company's financial statements

Overview of the Company's Operating Performance

Revenue

- In 2012, the Company's sales and service revenue was Baht 103.40 million, an increase of 130.96% from 2011. Other revenue was Baht 2.55 million or equivalent to 2.40% of total revenue.
- For the first three months of 2013, sales and service revenue was Baht 33.36 million due to an increase in advertising rate and other income in the amount of Baht 0.58 million or equivalent to 1.70% of total revenue.

Competition in the Cable TV and digital TV business is quite intense with newcomers entering the market; however, the Company has good reputation and is increasingly accepted by the market and also has designed application on mobile phones to accommodate changes in consumer behavior. As a result, the Company is able to penetrate more viewers and markets which results in increasing purchase of advertising spots from the Company.

Cost of Sales and Services

- In 2012, cost of sales and services was Baht 53.85 million or equivalent to 50.82% of total sales and service revenue, a decrease from 2011 as the Company was able to increase ads rate per minute and also better control of its cost. In addition, the Company also outsourced the production of programs to reduce cost and the Company managed only the sharing of revenue between the producers and advertisers. As a result, the Company reported a net profit.
- For the first three months of 2013, the Company's cost of sales and services was Baht 17.72 million or equivalent to 52.22% of total sales and service revenue.

Selling and Administrative Expenses

- In 2012, the Company's selling and administrative expenses were Baht 22.94 million or equivalent to 21.66% of sales and service revenue. Most of these were salaries and sales promotional expenses.
- For the first three months of 2013, the Company's selling and administrative expenses were Baht 6.17 million or equivalent to 18.19% of total revenue.

Net Profit

- In 2012, the Company reported a net profit of Baht 24.12 million or equivalent to 22.77% of total revenue which represented an increase from the previous year. This was a result of rising sales of subscriptions, movies and programs distribution.
- For the first three months of 2013, the Company reported a net profit of Baht 8.01 million or equivalent to 23.61% of total revenue which was higher from the previous year due to increasing revenue from operation.

Cash Flow Statement

Cash Flow Statements for the year ended 2010-2013 and the 3-month period ended March 31, 2013

	3-month 2013	2012	2011	2010
Cash flow generated from (used in) operating activities	10.20	10.27	(15.21)	(14.60)
Cash flows receipts from (used in) investing activities	(0.35)	(0.51)	(0.74)	(7.70)
Cash flows receipts from (used in) financing activities	-	1.00	16.50	22.50
Net cash increased (decreased)	9.86	10.75	0.55	0.20
Opening balance of cash and cash equivalents	11.51	0.75	0.20	0.00
Closing balance of cash and cash equivalents	21.36	11.51	0.75	0.20

- In 2012, the Company's cash flow from operation was Baht 10.27 million due to increasing operating profit; cash flow from investing was Baht 0.51 million and cash flow from financing was Baht 1.00 million. Net cash flow was Baht 10.75 million.
- For the first three months of 2013, the Company's cash flow from operation was Baht 10.20 million due to increasing operating profit and cash flow from investing was Baht 0.35 million resulting in the net cash flow was Baht 10.75 million.

Key financial ratios

Financial ratios	3-month 2013	2012	2011	2010
Liquidity ratios				
Current ratio (times)	1.76	2.99	3.22	1.44
Collection period (days)	103.50	94.18	85.33	135.19
Inventory day (days)	0.00	0.00	0.00	0.00
Payment period ^{1/} (days)	162.64	53.80	75.26	146.59
Cash cycle (days)	(59.14)	40.38	10.06	(11.41)
Profitability ratios				
Gross profit margin (%)	47.78%	49.18%	26.68%	6.62%
Net profit margin (%)	23.61%	22.77%	(7.56%)	(32.88%)
Return on equity (%)	52.04%	58.82%	(16.92%)	(54.45%)
Efficiency ratios				
Return on assets (%)	24.30%	31.02%	(9.21%)	(26.29%)
Return on fixed assets (%)	1,110.49%	676.88%	(25.43%)	(95.93%)
Financial policy ratios				
Debt to equity ratio ^{2/} (times)	1.14	0.45	0.34	1.07
Interest coverage ratio (times)	0.00	0.00	(48.97)	(567.35)
Dividend payout ratio (%)	0.00%	0.00%	0.00%	0.00%

remark :

- /1- Payment period : increasing in 1st quarter of 2013 because the company will purchase movie in beginning of year to schedule through the year. Accounts payable will, normally, be higher in the period.
- /2-Debt to equity ratio : increasing in 1st quarter of 2013 because the increasing of debt grater that equity, especially accounts payable, accrued expenses while equity raise from quarterly net profit.

Commitments and Contigent Liabilities

As of 31 December 2012, the Company has commitment obligations with respect to long-term lease of buildings and service contracts on broadcast system of which Baht 48.11 million was non-cancellable.

1.5.2 Business Overview of Talent One Co., Ltd. (T1)

1. Type of Business

Talent One Co., Ltd. was established on May 25, 2011 with registered capital of Baht 20 million. The Company's core business is acting as a creative agency for clients such as Unilever, Samsung, etc. Later around the end of 2011, Major Cineplex Group Public Company Limited ("MAJOR") became 80% shareholder of Talent One Co., Ltd. ("T1") and increased its issued and paid-up capital to Baht 40 million. The Company's business was restructured to become a contract movie and entertainment producer and provider of agency support to MAJOR's business.

2. List of Shareholders

As of April 30, 2013, the Company had registered paid-up capital (only ordinary shares) of Baht 40,000,000 which are 400,000 of ordinary shares with a par value of Baht 100 per share.

The shareholders of Talent One Co., Ltd. are as follows:

No.	Shareholders	No.of shares	%
1	Major Cineplex Group PCL.	320,000	80.00
2	Mr. Kriangkrai Kanchanaphokhin	32,000	8.00
3	Mr. Sirichai Tantipong-Anant	16,000	4.00
4	Miss. Laddawan Ratanadilokchai	14,400	3.60
5	3 hanuman co.,ltd.	8,000	2.00
6	Mr. Kijja Wongwari	4,000	1.00
7	Miss. Wanida Mongkolwit	1,200	0.30
8	Mr. Sasawat Thanyaphonphithak	1,200	0.30
9	Miss. Nopchalai Wongwatthanakarn	1,200	0.30
10	Miss. Duangdao Khamphut	1,000	0.25
11	Mrs. Ruethaiwan Wongsirasawad	1,000	0.25
Total shares		400,000	100.00

Source : the company

2.1 List of top ten major shareholders of Major Cineplex Group PCL as of 5 March 2013 is as follows:

No.	Shareholders	No.of shares	%
1	Mr. Vicha Poolvaraluck	318,840,100	35.92
2	State Street Bank Europe Limited	62,886,497	7.09
3	State Street Bank and Trust Company For Australia	60,513,800	6.82
4	Thai NVDR Co., Ltd.	59,687,377	6.72
5	Mrs. Paradee Poolvaraluck	30,470,436	3.43
6	State Street Bank and Trust Company	25,862,700	2.91
7	HSBC (Singapore) Nominees Pte Limited	17,481,600	1.97
8	The Bank of New York (Nominees) Limited	16,151,415	1.82
9	The Bank of New York Mellon – CGT Taxable	15,000,000	1.69
10	TEB for MFC-Thai Fund Investment Plan	9,327,250	1.05

Source : www.set.or.th

2.2 List of major shareholders of Sam Hanuman Co., Ltd. as of 30 April 2012 is as follows:

No.	Shareholders	No.of shares	%
1	Mr. Pheeranat Chayarak	340,000	34.00
2	Mrs. Jittarat Wongsakhachonkit	330,000	33.00
3	Mr. Santi Viriyarungsarit	330,000	33.00

Source : <https://corpus.bol.co.th/home/>

3. Board of Directors

As of January 10, 2013, the company's Board of directors consists of::

1. Miss. Laddawan Ratanadilokchai
2. Mr. Kriangkrai Kanchanaphokhin
3. Miss Thitapat Isarapornpat
4. Mr. Chate Mungkhalodom

4. Financial position and operating results

Financial position

Statements of financial position as of December 31, 2010-2013 and March 31, 2013

	March 31, 2013		December 31, 2012		December 31, 2011	
	Baht mil.	%	Baht mil.	%	Baht mil.	%
Cash on hand and cash equivalents	5.14	10.13%	11.85	32.13%	32.51	87.74%
Trade accounts and other receivables-net	4.22	8.32%	4.26	11.54%	0.88	2.38%
Prepaid expenses	1.70	3.34%	2.96	8.03%	0.28	0.75%
Other receivables	0.04	0.07%	0.06	0.17%	-	0.00%
Inventory - net	7.10	14.00%	5.36	14.53%	-	0.00%
Films under production	27.59	54.35%	7.90	21.43%	1.16	3.14%
Other current assets	2.05	4.03%	1.95	5.30%	0.42	1.14%
Total current assets	47.83	94.24%	34.35	93.13%	35.26	95.14%
Intangible assets	0.62	1.22%	0.10	0.28%	0.14	0.38%
Land, building and equipment -net	1.90	3.75%	2.03	5.50%	1.07	2.88%
Other non-current assets	0.40	0.79%	0.40	1.09%	0.59	1.60%
Total non current assets	2.92	5.76%	2.53	6.87%	1.80	4.86%
Total assets	50.75	100.00%	36.88	100.00%	37.06	100.00%
Trade accounts and note payable						
Related companies	9.04	17.82%	6.16	16.70%	2.82	7.62%
Others	0.91	1.78%	2.15	5.83%	0.65	1.75%
Accrued expenses	0.85	1.68%	0.97	2.64%	0.05	0.13%
Deferred income	0.17	0.34%	-	0.00%	-	0.00%
Short term loan from related parties	15.00	29.56%	-	0.00%	-	0.00%
Other current liabilities	0.90	1.78%	0.92	2.49%	0.52	1.41%
Total current liabilities	26.88	52.96%	10.20	27.66%	4.04	10.91%
Employee benefit obligations	-	0.00%	-	0.00%	-	0.00%
Provision of contingent liabilities from guarantee	-	0.00%	-	0.00%	-	0.00%
Total non-current liabilities	0.00	0.00%	0.00	0.00%	0.00	0.00%
Total liabilities	26.88	52.96%	10.20	27.66%	4.04	10.91%
Registered capital	40.00	78.81%	40.00	108.46%	40.00	107.93%

	March 31, 2013		December 31, 2012		December 31, 2011	
	Baht mil.	%	Baht mil.	%	Baht mil.	%
Issued and paid-up capital						
400,000 shares, at THB 100 par value	40.00	78.81%	40.00	108.46%	40.00	107.93%
Retained earnings						
Appropriated						
Unappropriated	-16.13	-31.77%	-13.32	-36.12%	-6.9829	-18.84%
Total shareholders' equity	23.87	47.04%	26.68	72.34%	33.02	89.09%
Total liabilities & shareholders' equity	50.75	100.00%	36.88	100.00%	37.06	100.00%

Overview of the Company's Financial Position

Assets

- As of December 31, 2012, the Company's account receivables, inventories, movie under production, and other current asset increased from Baht 21.00 million to Baht 23.75 million. Cash on hand and equivalent was paid for these assets; as a result, cash on hand and equivalent decreased from Baht 20.66 million to Baht 11.85 million. Current assets increased from Baht 0.34 million in 2012 to Baht 35.60 million. The Company invested in new assets in the amount of Baht 1.39 million; most of which were office improvement of Baht 0.85 million which resulted in an increase in its land, building, and equipment to Baht 2.03 million. Non-current assets declined from Baht 0.23 million to Baht 0.50 million. Total non-current assets increased from Baht 0.73 million to Baht 2.53 million. This resulted in the ending total assets of Baht 36.88 million.
- As of March 31, 2013, the Company's total assets was Baht 50.75 million, an increase of 33.10% from the end of 2012 due to increasing movie under production from Baht 18.30 million to Baht 27.59 million.

Liabilities

- As of December 31, 2012, the Company's total liabilities were Baht 10.20 million, an increase of 152.47% from 2011 due to expansion of business which resulted in an increase in account payables and accrued payables.
- As of March 31, 2013, the Company's total liabilities were Baht 26.88 million, an increase of 163.53% from end 2012 due to an increase in short-term loan from related companies of Baht 15.00 million for funding part of "The Last Summer" movie production

Shareholders' Equity

- As of December 31, 2012, the Company's shareholders' equity was Baht 26.68 million, a decrease of 19.20% from 2011 as the Company reported an operating loss for the year 2012.
- As of March 31, 2013, the Company's shareholders' equity was Baht 23.87 million, a decrease of 10.53% from end of 2012 as the Company's operating loss declined in the first quarter of 2013.

Operating results

Statements of income for the year ended 2011-2012 and the 3-month period ended March 31, 2013

	3-month 2013		2012		2011 (25 May-31Dec.)	
	Baht mil.	%	Baht mil.	%	Baht mil.	%
Revenue from sales and services	6.56	94.06%	40.54	96.25%	8.43	99.17%
Other revenue	0.41	5.94%	1.58	3.75%	0.07	0.83%
Total revenue	6.98	100.00%	42.11	100.00%	8.50	100.00%
Cost of sales and services	5.41	77.57%	29.68	70.48%	4.89	57.49%
Sales and administrative expenses	4.31	61.73%	18.77	44.57%	10.60	124.63%
Earnings before finance cost and income tax	-2.74	-39.29%	-6.34	-15.06%	-6.98	-82.11%
Finance cost	0.06	0.88%	0.00	0.00%	0.00	0.00%
Profit before income tax	-2.80	-40.17%	-6.34	-15.06%	-6.98	-82.11%
Income tax	0.00	0.00%	0.00	0.00%	0.00	0.00%
Net profit/(loss) - net	-2.80	-40.17%	-6.34	-15.06%	-6.98	-82.11%
Earnings per share (Baht/share)	-7.01		-15.85		-17.46	

Overview of the Company's Operating Performance

Revenue

- In 2012, the Company's sales and service revenue was Baht 40.54 million, an increase of 380.90% from 2011 as the Company had more agency and contract production revenues. In addition, sales of pocket books increased from 2011. Other revenue was Baht 1.58 million or equivalent of 3.75% of total revenue.
- For the first three months of 2013, the Company's sales and service revenue was Baht 6.56 million, a decrease of Baht 7.81 million or a decrease of 54.35% as the Company changed its business from contract printing to production house. The printing business; therefore, has been slowed down and the Company started its own movie production "The Last Summer". Other income was Baht 0.41 million or equivalent to 5.94% of total revenue.

Cost of Sales and Services

- In 2012, the Company's cost of sales and services was Baht 29.68 million or equivalent to 70.48% of total sales and service revenue, an increase from 2011 due to the contracts from related companies. Profit margin was not very high.
- For the first three months of 2013, the Company's cost of sales and services was Baht 5.41 million or equivalent to 77.57% of total sales and service revenue.

Selling and Administrative Expenses

- In 2012, the Company's selling and administrative expense was Baht 18.77 million or equivalent to 44.57% of total sales and service revenue Most of these were salaries.
- For the first three months of 2013, the Company's selling and administrative expenses were Baht 4.31 million or equivalent to 61.73% of total sales and service revenue Most of these were salaries increase from 2012.

Net Profit

- In 2012, the Company reported a net loss of Baht 6.34 million or equivalent to 15.06% of total revenue which was better than the previous year as the Company was able to secure more works.
- For the first three months of 2013, the Company reported a net loss of Baht 2.80 million which was lower than the previous year.

Statements of cash flows

Statements of cash flows for the year ended 2010-2013 and the 3-month period ended March 31, 2013

	3-month 2013	2012	2011
Cash flow generated from (used in) operating activities	(21.19)	(19.30)	(6.14)
Cash flows receipts from (used in) investing activities	(0.52)	(1.37)	(1.34)
Cash flows receipts from (used in) financing activities	15.00	0.00	40.00
Net cash increased (decreased)	(6.71)	(20.66)	32.51
Opening balance of cash and cash equivalents	11.85	32.51	0.00
Closing balance of cash and cash equivalents	5.14	11.85	32.51

- In 2012, the Company's cash flow from operating was Baht 19.30 million due to a net loss and cash outflow from investing in the amount of Baht 1.37 million. Net cash flow was Baht 20.66 million.
- For the first three months of 2013, the Company's cash flow from operation was Baht 21.19 million due to net loss and the increase in movie production expenses on "The Last Summer". Cash outflow from investing was Baht 0.52 million and cash inflow from financing was Baht 15.00 million from short-term loan from related companies. This resulted in net cash flow of Baht 6.71 million.

Key financial ratios

Financial ratios	3-month 2013	2012	2011
Liquidity ratios			
Current ratio (times)	1.78	3.37	8.72
Collection period ^{1/} (days)	68.33	23.43	38.17
Inventory day ^{2/} (days)	107.60	65.88	0.00
Payment period ^{3/} (days)	168.48	117.60	259.10
Cash cycle (days)	7.45	(12.93)	(220.93)
Profitability ratios			
Gross profit margin (%)	24.26%	29.52%	42.51%
Net profit margin (%)	(40.17%)	(15.06%)	(82.11%)
Return on equity (%)	(46.95%)	(21.25%)	(21.15%)
Efficiency ratios			
Return on assets (%)	(21.60%)	(17.15%)	(18.84%)
Return on fixed assets (%)	(549.74%)	(381.04%)	(641.49%)
Financial policy ratios			
Debt to equity ratio (times)	1.13	0.38	0.12

Financial ratios		3-month 2013	2012	2011
Interest coverage ratio ^{4/}	(times)	(346.69)	0.00	0.00
Dividend payment ratio	(%)	0.00%	0.00%	0.00%

Remark :

- /1- Collection period : increasing in 1st quarter of 2013 because of overdue from pocket book accounts receivable which the company on process of collecting.
- /2- Inventory day : increasing in 1st quarter of 2013 because of higher stocks of pocket book.
- /3- Payment period : increasing in 1st quarter of 2013 because of higher accounts payable from movie production while the company still un-book cost of production pending upon show in theater in the mean time.
- /4- Interest coverage ratio : the company gets loan from connected person, so interest expense occurred. The cash flow from operating activities shown out-flow cause this ratio in negative side.

Commitments and Contingent Liabilities

As of December 31, 2012, the Company had commitment obligations under long-term lease of building and service contracts of which Baht 1.67 million was non-cancellable.

1.6 Total Value of Consideration

The Acquisition of Assets and the Connected Transactions of the Company relating to the purchase of ordinary shares of M Channel and T1 has a total value of consideration of Baht 76.60 million, divided into Baht 57.50 million for M Channel and Baht 19.10 million for T1.

The offering price of the new shares of the Company at Baht 2.71 per share is not regarded as the share offering below the market price because it was calculated based on the weighted average price of the Company's shares traded on the Stock Exchange for 15 consecutive trading days prior to the date of Board of Directors' s resolution (calculated from the market price during April 17, 2013 – May 9, 2013 at the price of Baht 2.71 per share).

The persons receiving the new issued shares will have the same rights and benefits as the existing shareholders.

1.7 Value of the Acquired Assets

The value of the Acquired Assets is based on the Reviewed Financial Statements as of March 31, 2013 in which the Book Value of Net Tangible Assets of Baht 79.88 million, could be divided into the Net Tangible Assets of M Channel amounting to Baht 61.28 million and of T1 amounting to Baht 18.60 million (only for the acquisition portion of 80%).

1.8 Calculation of Consideration Value

The Consideration Value of the Company's shares offered to the shareholders of M Channel and T1 is based on the offering price of the new shares at Baht 2.71 per share which is higher than the Net Tangible Assets of the Company according to the Reviewed Financial Statements as of March 31, 2013. The offering price of the

new shares is not regarded as the share offering at lower than the market price because it is calculated from the weighted average price of the Company's shares traded on the Stock Exchange for 15 consecutive trading days prior to the date of Board of Directors's resolution (calculated from the market price during April 17, 2013 – May 9, 2013 at the price of Baht 2.71 per share).

1.9 Detail of Stakeholder and Connected Person

The acquisition of ordinary shares of M Channel and T1 is considered as the Connected Transactions pursuant to the Notification of the Capital Market Supervision Board No.Tor Chor.21/2008 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.2003 (the "Connected Transaction Notification"). MAJOR is a major shareholder of the Company holding a total of 476,830,789 shares or equivalent to 74.36% of total issued and paid-up shares as of May 15, 2013 and Mr.Vicha Poolvorluck, a director and the major shareholder of MAJOR, holds 35.92% of total issued and paid-up shares of MAJOR as of March 5, 2013. The purchase of M Channel's and T1's shares from MAJOR and Mr.Vicha Poolvorluck is also regarded as a Connected Transactions The size of the transactions is equal to 111.01% of consolidated Net Tangible Assets of the Company and its subsidiaries pursuant to the consolidated financial statements of the Company ended March 31, 2013.

1.10 Source of Fund

The Company will offer 28,240,000 newly issued shares (par value of Baht 1) at the price of Baht 2.71 per share by Private Placement to the sellers in exchange for the shares of M Channel and T1 with details 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 means of Share Swap transaction instead of cash payment. Value of their ownership interest in M Channel is Baht 57.50 million. (The swap ratio of is 5.30 newly issued shares of the Company for 1 share of M Channel and fraction below 1 share 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 Baht 19.10 million. (The swap ratio of is 22 newly issued shares of the Company for 1 share of T1, and fraction below 1 share will be disregarded)

1.11 Condition of the Entering of the Transaction

The Assets Acquisition and the Connected Transactions related to M Channel and T1 was approved by the Board of Directors No.3/2013 held on May 10, 2013. The Transaction is considered as the acquisition by a listed company under the Notification of the Capital Market Supervision Board No.Tor Chor.20/2008 Re: Rules for Significant Transactions Constituting an Acquisition or Disposal of Assets, and the Notification of the Stock

Exchange of Thailand Re: Disclosure of Information and Performance of Listed Companies Concerning the Acquisition and Disposition of Assets B.E.2004 (the "Acquisition/Disposition Notification").

Furthermore, MAJOR is a major shareholder of the Company holding a total of 476,830,789 shares or equivalent to 74.36% of total issued and paid-up shares as of May 15, 2013 and Mr. Vicha Poolvoroluck, a director and the major shareholder of MAJOR, holds 35.92% of total issued and paid-up shares of MAJOR as of March 5, 2013. The purchases of M Channel's and T1's shares from MAJOR and Mr. Vicha Poolvoroluck are also regarded as Connected Transactions pursuant to the Notification of the Capital Market Supervision Board No. Tor Chor.21/2008 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.2003 (the "Connected Transactions Notification").

Before entering into the above Transactions, the Company is required to prepare report and disclose information to the Stock Exchange of Thailand and to obtain the approval from the Shareholders' Meeting by votes of not less than 3/4 of the total number of shareholders and/or proxy attending the meeting and having the right to vote, excluding shareholders who have vested interest in these Transactions according to the Acquisition/Disposition Notification and the Connected Transactions Notification. The Company will send to the shareholders the Invitation Notice of the Shareholders' Meeting no less than 14 days prior to the date of the Shareholders' Meeting.

In this regard, the Company will enter into the above Transactions on the conditions that the Shareholders' Meeting of the Company resolve to approve the purchase of shares of M Channel and T1 and the capital increase of the Company's shares instead of cash the payment and after each relevant party has executed the relevant share sale and purchase agreement as well as other related documents and that conditions precedent to the said share sale and purchase agreement have been fulfilled. The Extraordinary Shareholders' Meeting No.1/2013 will be held on July 30, 2013.

The Board of Directors has also acknowledged the letter of MAJOR dated May 10, 2013 stating the intention to make a Voluntary Tender Offer of all securities of the Company from other shareholders of the Company at the price of Baht 2.71 per share, subject to the following conditions:

- (i) The Shareholders' Meeting of the Company has passed the resolution to approve the purchase of the shares in M Channel and T1 from MAJOR,
- (ii) MAJOR and the Company have executed the relevant share sale and purchase agreement including other related documents,
- (iii) The conditions precedent under the said share sale and purchase agreement have been fulfilled and,
- (iv) MAJOR has received the newly issued shares from the Company pursuant to the Share Swap.

2. Company Information

2.1 M Pictures Entertainment Public Company Limited ("MPIC" or "the Company")

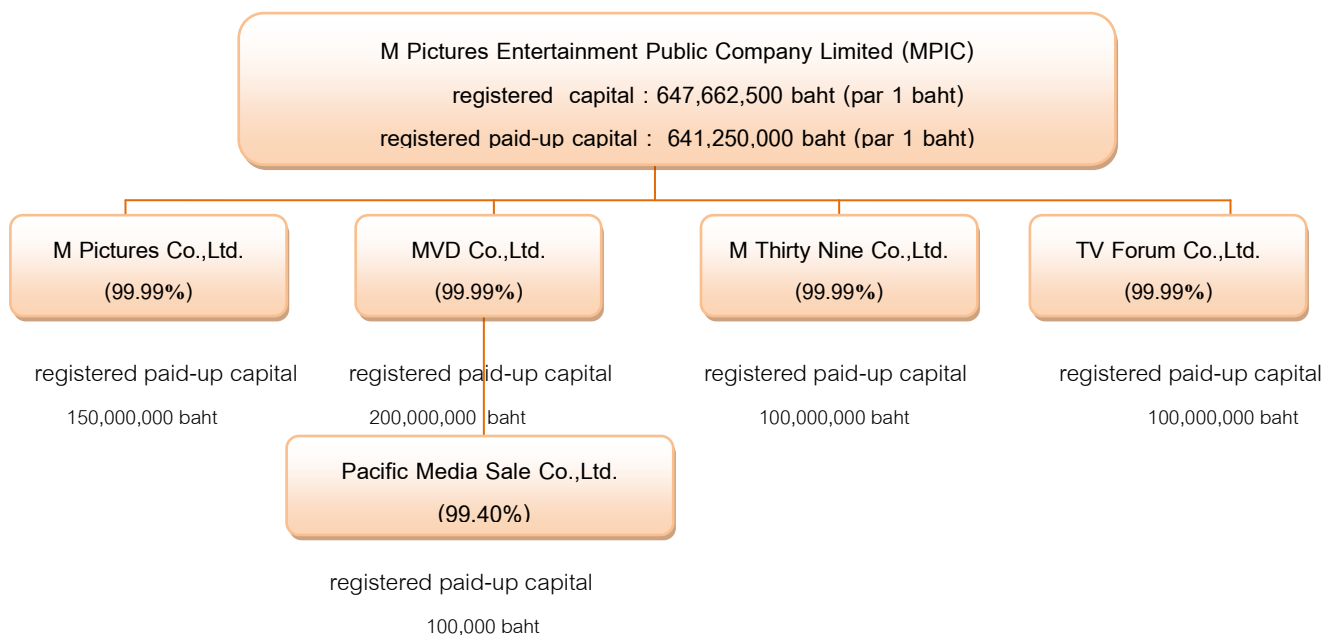
Source: Annual Report for the Year 2012 and Financial Statement of the Company and its Subsidiaries

1. Type of Business

M Pictures Entertainment PCL. was established on November 5, 2001 with the objective to invest in mass media companies, especially marketing management of sports events and news programs on radio and television. The Company was listed in the mai Stock Exchange on June 5, 2002 and the Company was moved to the Main Board of January 2, 2003.

Currently, the Company is a buyer of foreign movies rights for domestic distribution and makes an investment in the movie related businesses through its subsidiaries such as buying Thai and foreign movies rights, Thai film production for distribution to cinemas and selling of rights to entertainment media through Cable TV, Free TV, Internet, IPTV and also investing in subsidiaries in film business for Home Entertainment.

MPIC Shareholding Structure



* stop operating since December, 2008.

Type of Products and Services

No.	Company	Type/Model Products and Services	Channel	Note
1.	M Pictures Entertainment PCL.	Procurement business and purchasing international film rights from Asia, Europe and USA, investment in home entertainment media business including Thai films production	Own operation and investment via its subsidiaries	-

No.	Company	Type/Model Products and Services	Channel	Note
2.	M Pictures Co.,Ltd.	<u>Film distribution business</u> Procure and purchase Thai and international film rights from Asia, Europe, and USA. Manage number of film rights to be continuously released in theaters. M Picture Co., Ltd. will purchase films from independent film makers or foreign film companies.	Screening in local theaters, granting rights for broadcasting on free TV or cable, internet, and reproducing as home entertainments e.g. CD, DVD, etc.	-
3.	MVD Co.,Ltd.	<u>Film distribution business in Home VDO market</u> Procure and purchase Thai and international film rights and prepare in the forms of VCD, DVD, Blu-Ray in order to generate income other than movie in theatres.	Home entertainment media	-
4.	M Thirty Nine Co.,Ltd.	<u>Film production business</u> To stimulate and advocate growth in Thai films.	Screening in local theaters, granting rights for broadcasting on free TV or cable, and reproducing as home entertainments e.g. CD, DVD, etc.	-
5.	Pacific Media Sale Co.,Ltd.	Distribution and rental service provider of CD, VDO Tape e.g. movies, series, TV programes, music, games.	Agent, distributors and CD and DVD rental centers	-
6.	TV Forum Co.,Ltd.	Marketing management and advertising. Provide rental services for production equipment and advertising agency	-	Ceased operation since December 2008

Type of Business of each company

1) M Pictures Company Limited

A provider and buyers of Thai, Asian, and International films copyrights from Thai, Asian, Europe and America studios to show in the cinemas and a seller of copyrights to home entertainment business for production of VCD, DVD, and Blu-Ray to all customer in Thailand. The Company also sells its copyrights through Free TV, Cable TV, and Digital TV. Currently, the company produce its own Thai film.

Type of Products and Services

M Pictures Co.,Ltd. is a provider and importers of copyrights of International films especially from various sources from Europe, America, and Asia including Thai films from independent production studios for cinemas and distributes those films through direct and indirect channels such as cinemas, home entertainment and TV media. The Company is also a Thai film producers in which its first Thai film will be launched in 2013.

Marketing Strategies

M Picture Co.,Ltd. procures high-quality movies from foreign countries including Europe, America, and Asia and also from widely accepted independent movie producers. This subsidiary gives priority to viewers' preference, gender, and age including their income while trying to promote the production of quality movies to gain popularity among viewers. This subsidiary distributes its movies through the following channels and methods:

Show in theaters : the Company has agreement which distribute revenue in the same standards with theaters such as Major Cineplex, EGV, and SF Cinema including other partners in the provincial areas.

Marketing plan : the company plans to promote and advertise the Company's film which will present in cinemas.

Permit rights on remuneration basis : the company permits movie broadcasting rights to major home entertainment who have high potential in manufacturing VCDs, DVDs, or Blu-Ray for distribution nationwide.

Permit rights on remuneration basis (Pay TV broadcast business) : the company permits movie broadcasting rights to major pay TV broadcasters such as TRUE Vision, M Channel, etc.

Permit rights on remuneration basis (Free TV) : the company permits movie broadcasting rights to Free TV broadcasters such as CH3, CH5, CH7, MCOT and TPBS, etc.

Permit rights on remuneration basis (Internet / IPTV) : the company permits movie broadcasting rights to Internet IPTV such as True Digital, and Zab Movies.

All above sources of income are major income of M Pictures Company Limited. The company tries to find more channels for distributing the company's movies in order to increase its revenue.

Competition

In the past year, M Pictures Co.,Ltd., an importer of foreign film copyrights, has had a strong capital base. Competition in this business is not intense as there are a small number of players and each of them captures a distinct share of market. The company has various and clear distribution channels; therefore, there is no concern about competition with its peers.

Type of Customers

Direct customers are cinemas, home entertainment manufacturers, Cable TV and Free TV including Digital TV and indirect customers are minor who watch the company's films from TV or cable broadcasting and buy home entertainment media from the company's business partners.

2) MVD Company Limited

MVD Co.,Ltd. engages in film business by providing Thai and international film copyrights to manufacture for home entertainment media. This subsidiary buy film copyrights from major film production studios in Hollywood, independent film production studios from M Pictures Company Limited and Thai film copyrights from Thai film production studios including M Thirty Nine Co.,Ltd.

Type of Products and Services

MVD Co.,Ltd. provides quality film copyrights both Thai and international for manufacturing in DVDs, VCDs, and Blu-ray and distributes nationwide.

Marketing Strategies

MVD Co.,Ltd. has selected a vast variety of popular Thai and international films to most truly serve consumers' home-entertainment demand. A focus has been placed on attractive and trendy package designs so that buyers may wish to collect rather than simply for viewing purposes. MVD Co.,Ltd. has partnered with strong distributors such as 7 Eleven, Mangpong, DNA, Tsutaya,B2S, Boomerang, etc. and has endeavored to increase its distribution channels to ensure a broader consumer reach and stronger income growth.

Competition

This subsidiary distributes its products and services through its distributors and service center regionally. Comparing to its competitors, this subsidiaries has good potential to attract customers with its quality films. Therefore, it is able to compete in the market. In addition, with its own distribution channels, this subsidiary is not impacted with competition.

3) M Thirty Nine Company Limited

M Thirty Nine Co.,Ltd. engages in Thai film production and providing the rights to cinemas, manufacture home entertainment media which provided by DVD,VCD and BLU-RAY and Free TV, Cable TV, Pay TV, and Pay Digital film copyrights.

Type of Products and Services

M Thirty Nine Co.,Ltd. engages in Thai film production. This subsidiary expects to produce approximately 4-5 quality films to the market with various contents such as Valentine Sweetly, I MISS U, Saranae O Sagai, and Khun Nai Ho filmed in 2012.

Marketing Strategies

Presently, consumers have become more selective about type of movies they prefer watching and supported more Thai films. In the past, many Thai films were very successful due to marketing strategies to promote movies in the appropriated timing and in line with consumer's taste. As a results, its movies were very successful.

In addition, the group has fully-integrated entertainment business and is able to manage its resources to best benefit to the group. More businesses from the group have improved its revenue and advertising.

Competition

There are growing number of Thai film production studios, some of which are successful and some are not. In the past several years, M Thirty Nine Co.,Ltd., a Thai film producers, has strong determination and best effort to remain its competitive with other players. In the past year, the successful film were Valentine Sweet, I MISS U, Saranair Osekai and Crazy Crying Lady bear testimony to its ability to well respond to consumers' demand. The strength of its group members which engages in movie theater business and home entertainment business will also help enhance its competitive potential in the industry.

4) Pacific Media Sales Company Limited

This subsidiary engages in film business by providing Thai and international film copyrights to manufacture home entertainment media.

Type of Products and Services

Currently, this subsidiary distributes and sell remained stocks of CDs, VCDs, DVDs in the warehouses.

Marketing Strategies

This subsidiary tries to manage remained product stocks in the warehouse by adjusting and improving packages to new look and distributing or renting out through agents and VDO rental centers.

Competition

As the companies in the group distribute VCDs, DVDs, the Company uses these channel to distribute its products. In addition this subsidiary has supporting business to the group as a result there is no direct competition.

5) TV Forum Company Limited

This company's business is marketing and media advertising management, renting out tools for TV variety production, and act as media sale agent. This subsidiary has already temporarily ceased its business since December 2008.

2. List of Shareholders

As of May 15, 2013, registered capital was Baht 647,662,500 and paid-up capital was Baht 641,250,000 consists of ordinary shares of 641,250,000 shares with a par value of Baht 1 per shares.

List of top-ten Shareholders of M Pictures Entertainment PCL. (MPIC) as of May 15, 2013 is as follows:

No.	MPIC shareholders	No. of shares	%
1	Major Cineplex Group PCL. (MAJOR)	476,830,789	74.36
2	Thai NVDR Co.,Ltd.	23,951,844	3.74

No.	MPIC shareholders	No. of shares	%
3	Udomsinwatana	11,488,555	1.79
	1) Mr. Virat Udomsinwatana	9,230,000	1.44
	2) Mrs. Weerawan Udomsinwatana	1,800,000	0.28
	3) Mrs. Somkid Udomsinwatana	458,500	0.07
	4) Mr. Somsak Udomsinwatana	55	0.00
4	Miss Pimjai Burapachaisri	8,339,500	1.30
5	Miss Sasitorn Ek-Attasit	7,800,000	1.22
6	Sae-Tang	7,140,000	1.11
	1) Mr. Chairat Sae-Tang	6,948,500	1.08
	2) Mrs. Mallika Sae-Tang	174,000	0.03
	3) Miss Thuntorn Sae-Tang	17,500	0.00
7	Mrs. Puntaree Sawangwongsakul	6,145,700	0.96
8	Pattanapitoon	6,220,197	0.97
	1) Mr. Suraphan Pattanapitoon	5,955,125	0.93
	2) Mr. Surachai Pattanapitoon	265,072	0.04
9	Ongvasith	5,964,900	0.93
	1) Miss Sasithorn Ongvasith	4,686,700	0.73
	2) Mrs. Pornnapat Ongvasith	801,100	0.12
	3) Mr. Anawat Ongvasith	477,100	0.07
10	Mr. Vorapong Suwattanaphim	4,533,700	0.71
Top 10 shareholders		558,415,185	87.08
Total issued and fully paid-up shares		641,250,000	100.00

Source : the company, data from the latest closing share registration book

List of top-ten shareholders of Major Cineplex Group PCL., a major shareholder, as of March 5, 2013 is as follows:

No.	Top 10 major shareholders of MAJOR	No. of shares	%
1	Mr. Vicha Poolvaraluck and Mrs. Paradee Poolvaraluck	349,310,536	39.35
2	State Street Bank Europe Limited	62,886,497	7.09
3	State Street Bank And Trust Company For Australia	60,513,800	6.82
4	Thai NVDR Co., Ltd.	59,687,377	6.72
5	State Street Bank And Trust Company	25,862,700	2.91
6	HSBC (Singapore) Nominees Pte Ltd	17,481,600	1.97
7	The Bank of New York (Nominees) Limited	16,151,415	1.82
8	The Bank of New York Mellon-CGT Taxable	15,000,000	1.69
9	TFB for MFC-Thai Fund Investment Plan	9,327,250	1.05
10	Pershing LLC	8,389,550	0.95
Top 10 major shareholders		624,610,725	70.37

No.	Top 10 major shareholders of MAJOR	No.of shares	%
Total issued and fully paid-up capital		887,576,343	100.00

Source.: Company, data from the latest closing share registration

3. Board of Directors and Management

3.1 Board of Directors

List of Board of Directors as of May 10, 2013 is as follows:

Management	Position
1. Mr. Tirachai Vuthithum	Independent director/Chairman of the Board
2. Mr. Vicha Poolvaraluck	Vice Chairman
3. Mr. Thitakorn Ussayaporn	Director, Chief Executive Officer
4. Mr. Phadet Hongfa	Director
5. Mr. Chate Mungkhalodom	Director
6. Mr. Vichate Tantiwanij	Director
7. Miss Thitapat Issarapornpat	Director
8. Mr. Thanachai Santichaikul ¹	Independent Director/Chairman of Audit Committee
9. Mr. Attapol Chodchoi ²	Independent Director/ Audit Committee
10. Mr. Arun Eamsureya ³	Independent Director/ Audit Committee

Audit Secretary is Ms. Orawan Thammasiripong

Note :

/1 Mr. Thanachai Santichaikul has been appointed as an Independent Director and Chairman of Audit Committee by replacing Mr. Suthep Dansiriviroj since May 10, 2013.

/2 Mr. Attapol Chodchoi has been appointed as an Independent Director and Audit Committee by replacing Mr. Montri Sotangkur since May 10, 2013.

/3 Mr. Arun Eamsureya has resigned from the Company due to the more tasks. The resignation letter was arrived on May 30, 2013 and started effective date since May 30, 2013.

3.2 Management

List of management as of 10 May 2013 is as follows:

Management	Position
1. Mr. Thitakorn Ussayaporn	Chief Executive Officer
2. Mr. Veeraboon Ruangsrimun	Vice President, Accounting & Finance Dept.
3. Mrs. Chanpen Singhanud	Vice President, HR Dept.
4. Mr. Vinai Boonsadao	Manager, Legal Dept.

4. Financial position and operating results

Financial position

Consolidated Statements of financial position as of 31 December 2010-2012 and 31 March 2013

Unit : Baht million

	31 March 2013		31December 2012		31December2011		31December 2010	
	Baht mn	%	Baht mn	%	Baht mn	%	Baht mn	%
Cash on hand and cash equivalents	40.89	3.14%	99.15	7.44%	37.66	2.46%	28.87	1.88%
Trade accounts and other receivables - net	491.72	37.80%	428.22	32.11%	431.44	28.15%	535.26	34.92%
Short-term loans to subsidiaries - net	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Short-term loans to other companies - net	-	0.00%	-	0.00%	-	0.00%	4.41	0.29%
Inventory - net	71.04	5.46%	72.00	5.40%	104.24	6.80%	78.60	5.13%
Films under production	31.41	2.41%	29.22	2.19%	16.64	1.09%	10.77	0.70%
Advances to employees for film production	5.24	0.40%	28.22	2.12%	50.56	3.30%	8.22	0.54%
VAT receivable	18.16	1.40%	13.46	1.01%	16.86	1.10%	18.09	1.18%
Withholding tax deducted at sources	38.50	2.96%	52.52	3.94%	41.57	2.71%	24.40	1.59%
Other current assets - net	13.24	1.02%	14.20	1.06%	12.43	0.81%	6.37	0.42%
Total current assets	710.20	54.59%	736.98	55.27%	711.40	46.42%	714.98	46.64%
Building and equipment -net	17.62	1.35%	18.42	1.38%	16.44	1.07%	15.56	1.02%
Goodwill - net	259.54	19.95%	259.54	19.46%	408.54	26.66%	408.54	26.65%
Computer program - net	1.89	0.14%	1.94	0.15%	3.12	0.20%	3.33	0.22%
Film rights - net	310.48	23.86%	313.86	23.54%	391.43	25.54%	388.35	25.33%
Other non-current assets - net	1.29	0.10%	2.79	0.21%	1.45	0.09%	2.13	0.14%
Total non-current assets	590.80	45.41%	596.55	44.73%	820.98	53.58%	817.91	53.36%
Total assets	1,301.00	100.00%	1,333.53	100.00%	1,532.38	100.00%	1,532.89	100.00%
Bank overdrafts and short-term borrowings from financial institutions	541.70	41.64%	601.47	45.10%	473.12	30.87%	197.57	12.89%
Trade accounts and other payables	202.40	15.56%	228.46	17.13%	232.68	15.18%	221.24	14.43%
Current portion of long-term borrowings	44.61	3.43%	39.45	2.96%	5.22	0.34%	130.00	8.48%
Current portion of liability under finance lease	0.80	0.06%	0.81	0.06%	0.83	0.05%	0.63	0.04%
Short-term borrowings from related parties	60.00	4.61%	10.00	0.75%	59.00	3.85%	250.00	16.31%
Undue output VAT	12.48	0.96%	10.50	0.79%	11.27	0.74%	10.13	0.66%
Provision for sales return	28.09	2.16%	28.94	2.17%	52.52	3.43%	37.66	2.46%
Other current liabilities	8.11	0.62%	26.88	2.02%	7.39	0.48%	8.37	0.55%
Total current liabilities	898.19	69.04%	946.53	70.98%	842.02	54.95%	855.62	55.82%
Long-term borrowings from financial institutions	59.93	4.61%	45.66	3.42%	2.44	0.16%	38.13	2.49%
Liabilities under finance lease	0.55	0.04%	.75	0.06%	1.52	0.10%	1.58	0.10%
Employee benefit obligations	4.41	0.34%	4.30	0.32%	3.76	0.25%	-	0.00%
Deferred tax liabilities	5.97	0.46%	5.97	0.45%	-	0.00%	-	0.00%
Other non-current liabilities	0.00	0.00%	0.11	0.01%	-	0.00%	-	0.00%
Total non-current liabilities	70.86	5.45%	56.79	4.26%	7.72	0.50%	39.71	2.59%
Total liabilities	969.05	74.48%	1,003.32	75.24%	849.74	55.45%	895.33	58.41%
Registered capital	647.66	49.78%	647.66	48.57%	641.25	41.85%	641.25	41.83%

	31 March 2013		31December 2012		31December2011		31December 2010	
	Baht mn	%	Baht mn	%	Baht mn	%	Baht mn	%
Paid-up capital	641.25	49.29%	641.25	48.09%	641.25	41.85%	641.25	41.83%
Premium on paid-up capital	105.75	8.13%	105.75	7.93%	105.75	6.90%	304.11	19.84%
Retained earnings (deficits)								
Appropriated – legal reserve	3.81	0.29%	3.81	0.29%	3.81	0.25%	-	0.00%
Unappropriated	(419.77)	(32.27%)	(420.90)	(31.56%)	(68.18)	(4.45%)	(307.81)	(20.08%)
Other components of equity	0.90	0.07%	0.29	0.02%	-	0.00%	-	0.00%
Equity attributable to owners of the parent	331.94	25.51%	330.21	24.76%	682.63	44.55%	637.55	41.59%
Non-controlling interest	0.01	0.00%	0.01	0.00%	0.01	0.00%	0.01	0.00%
Total shareholders' equity	331.95	25.52%	330.22	24.76%	682.64	44.55%	637.56	41.59%
Total liabilities & shareholders' equity	1,301.00	100.00%	1,333.53	100.00%	1,532.38	100.00%	1,532.89	100.00%

Overview of the Company Financial Position

Assets

- As of 31 December 2012, total assets were Baht 1,333.53 million consisted of the following items:
 - Cash on hand and cash equivalents increased from December 31, 2011 due to better policy on cash management which resulted into better liquidity. In addition, the reconciliation from cheque which has not been collected and cheque has not been cashed. Therefore, cash on hand and cash equivalent increased.
 - Trade account receivables and other receivables – net decreased by Baht 3.21 million from December 31, 2011 or equivalent to 0.75%. Trade account receivables were mostly from distribution of VCDs and DVDs. The decline was in line with declining in VCD and DVD business.
 - Inventories from VCD and DVD decreased by Baht 32.24 million from December 31, 2011 or equivalent to 30.93% due to allowances for inventory obsolescence and diminution in value of inventories.
 - Film under production increased by Baht 12.59 million from December 31, 2011 or equivalent to 75.60% due to the group plans to continuously produce more film for cinemas in 2013. As a result, film under production for the end of 2012 increased.
 - Building and equipment – net increased by Baht 1.98 million from December 31, 2011 or equivalent to 12.04% due to purchase of fixed assets for operation.
 - Goodwill – net decreased Baht 149.00 million from December 31, 2011 or equivalent to 36.47% due to allowance for impairment loss against goodwill.
 - Film copyrights – net decreased Baht 77.56 million from December 31, 2011 or equivalent to 19.82%. Most of film copyrights were rights for production and distribution of film and home entertainment. In 2012, the group had many films shown in the cinemas and had efficient plan and management of the purchasing and distributing foreign films.

- As of March 31, 2013, the Company's total assets were Baht 1,301.00 million consisting of trade account receivables and other receivables of Baht 491.72 million; goodwill of Baht 259.54 million; film copyrights of Baht 310.48 million; and inventories of Baht 71.04 million.

Liabilities

- As of December 31, 2012, total liabilities was Baht 1,003.32 million consisted of the following items:
 - Bank overdraft and short-term borrowing from financial institutions, the Company's working capital, increased Baht 128.35 million from December 31, 2011 or equivalent to 27.13% as the Company repaid its borrowing from related parties and for its working capital.
 - Account payables and other payables decreased Baht 4.22 million or equivalent to 1.81% from December 31, 2011 due to liquidity.
 - As at December 31, 2012, long-term borrowings increased Baht 43.22 million from December 31, 2011 or equivalent to 17.71% due to borrowings for working capital.
- As of March 31, 2013, total liabilities were Baht 969.05 million consisting of account payables and other payables of Baht 202.40 million; bank overdraft and short-term borrowings from financial institutions of Baht 541.70 million; and long-term borrowing from financial institution of Baht 104.54 million.

Shareholders' Equity

- As of December 31, 2012, the Company's shareholders' equity was Baht 330.22 million decreased from 2011 due to operating loss and impairment of goodwill of Baht 149.00 million.
- As of March 31, 2013, the Company's shareholders' equity was Baht 331.95 million consisting of issued and paid-up capital of Baht 641.25 million; premium on share capital of Baht 105.75 million; appropriated legal reserve of Baht 3.81 million, and unappropriated loss of Baht 419.77 million.

Operating results

Consolidated Statements of income for the year ended 2010-2012 and the 3-month period for 2013

Unit : Baht million

	3-month 2013		2012		2011		2010	
	Baht mn	%	Baht mn	%	Baht mn	%	Baht mn	%
Sales of VCD and DVD	81.70	34.06%	609.61	62.09%	699.08	66.57%	283.50	25.21%
Revenues from films production and film rights distribution	137.14	57.18%	340.05	34.64%	264.46	25.18%	794.86	70.69%
Advertising income	21.00	8.75%	32.12	3.27%	86.61	8.25%	46.00	4.09%
Total revenues	239.83	100.00%	981.78	100.00%	1,050.15	100.00%	1,124.36	100.00%
Cost of VCD and DVD sold	74.75	31.17%	554.63	56.49%	513.57	48.90%	561.52	49.94%
Cost of films production and film rights	88.18	36.77%	232.65	23.70%	152.53	14.52%	163.88	14.58%
Cost of advertising	0.15	0.06%	5.73	0.58%	1.31	0.12%	1.26	0.11%
Total cost of sales and services	163.08	68.00%	793.01	80.77%	667.41	63.55%	726.66	64.63%
Gross profit	76.75	32.00%	188.77	19.23%	382.74	36.45%	397.70	35.37%
Other income	2.84	1.19%	26.60	2.71%	6.44	0.61%	15.56	1.38%

	3-month 2013		2012		2011		2010	
	Baht mn	%	Baht mn	%	Baht mn	%	Baht mn	%
Selling expenses	(41.74)	(17.40%)	(180.46)	(18.38%)	(168.32)	(16.03%)	(196.40)	(17.47%)
Administrative expenses	(26.43)	(11.02%)	(163.64)	(16.67%)	(126.19)	(12.02%)	(133.19)	(11.85%)
Loss from impairment of goodwill	-	0.00%	(149.00)	(15.18%)	-	0.00%	-	0.00%
Finance cost	(10.30)	(4.29%)	(36.96)	(3.76%)	(33.55)	(3.19%)	(40.19)	(3.57%)
Profit before income tax	1.13	0.47%	(314.70)	(32.05%)	61.13	5.82%	43.49	3.87%
Income tax	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Net profit for the period	1.13	0.47%	(314.70)	(32.05%)	61.13	5.82%	43.49	3.87%
Shareholders of the parent	1.13	0.47%	(314.70)	(32.05%)	61.13	5.82%	43.49	3.87%
Non-controlling interest	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Profit for the period	1.13	0.47%	(314.70)	(32.05%)	61.13	5.82%	43.49	3.87%
Earnings per share (Baht/share)	0.00		(0.49)		0.10	0.00%	0.07	0.00%

Overview of the Company's Operating Performance

Revenue

Revenue structure of the Company and its Subsidiaries between 2010-2012 and for the 3-month of 2013 is shown in the following table:

Unit : Baht million

Business	3-month 2013		2012		2011		2010	
	Baht mn.	%	Baht mn.	%	Baht mn.	%	Baht mn.	%
Sales of VCD and DVD	81.70	33.67%	609.61	60.45%	699.08	66.16%	794.86	69.73%
Sales of film rights	94.23	38.83%	174.47	17.30%	107.19	10.14%	92.19	8.09%
Film production	42.90	17.68%	165.59	16.42%	157.27	14.88%	191.31	16.78%
Advertising income	21.00	8.65%	32.12	3.19%	86.61	8.20%	46.00	4.04%
Other revenue	2.84	1.17%	26.59	2.64%	6.44	0.61%	15.56	1.37%
Total revenue	242.67	100.00%	1,008.38	100.00%	1,056.59	100.00%	1,139.92	100.00%

- In 2012, VCD and DVD distribution business recorded a decrease of Baht 89.47 million or 12.80% in revenues due to the earlier of 2012, the licensing agreement with a major studio has ended and has not been renewed, so the revenue in 2012 decreased. Movie rights business has increased in revenues by Baht 67.28 million or 62.77% because the number of movies released in theaters in 2012 was more than in 2011. Moreover, the Company's has the effective policy to manage film rights. Advertising revenues in 2012 recorded a decrease of Baht 54.49 million or 62.91% because the revenue from advertising on foreign and Thai films became lower than 2011.
- For the 3-month period of 2013, total revenue (excluding other revenues) decreased from Baht 320.12 million to Baht 239.83 million from the same period of 2012 or equivalent to 25.08% due mainly to declining sales of VCDs and DVDs.

Cost of Production and Services

- In 2012, the Group's costs of production and services increased from 2011 by about Baht 125.61 million or 18.82% to Baht 793.01 million because there were more foreign and Thai movies shown in the theatres than 2011. Therefore, cost of production and advertising was higher. Moreover, in 2012, the Company changed the amortization policy of distribution rights to be more suitable and set aside additional reserves for inventory.
- For the 3-month period of 2013, cost of sales and services was Baht 163.08 million, decreased from Baht 221.59 million in 2011 or by Baht 58.51mn or equivalent to 26.40% due mainly to declining cost of sales of VCDs and DVDs.

Selling and Administrative Expenses

- In 2012, selling and administrative expenses were higher from Baht 328.06 million to Baht 530.06 million or increased by 61.57% due primarily increasing number of importing film rights and production Thai films since the Company operates in entertainment sector whose revenue and performance depend on preference of consumers, popularity, market and economic situation etc. The termination of licensing contract with the major studio resulted in allowance for impairment of goodwill of Baht 149 million.
- For the 3-month period of 2013, selling and administrative expenses decreased from Baht 93.02 million from the same period of 2012 to Baht 78.46 million or decreased by Baht 14.56 million or equivalent to 15.65% due mainly to decreasing number of film shown in the theater and expenses control.

Net Profit

- In 2012, the Company and its subsidiaries reported a net loss of Baht 314.70 million whereas a net profit in 2011. This was resulted from higher cost of film production and film copyrights as well as an increasing in advertising expenses for foreign and Thai films. In addition, the Company had to set the allowance for impairment of goodwill as said earlier.
- For the 3-month period of 2013, the Company and its subsidiaries reported a net profit of Baht 1.13 million, a decreased of Baht 10.69 million for the same period of 2012 or equivalent to 90.43% due to decreasing number of films shown in the theaters and a drop in sales of VCDs and DVDs. Net profit was 0.47% of total revenue.

Statements of cash flows

Consolidated Statements of cash flows for the year ended 2010-2012 and the 3-month period of 2013

Unit : Baht million

	3-month 2013	2012	2011	2010
Cash flow generated from (used in) operating activities	50.17	402.55	476.70	591.49
Cash flows receipts from (used in) investing activities	(117.88)	(465.03)	(378.55)	(481.80)
Cash flows receipts from (used in) financing activities	9.45	123.97	(89.36)	(87.87)
Net cash increased (decreased)	(58.26)	61.49	8.79	21.82
Opening balance of cash and cash equivalents	99.15	37.66	28.87	7.05

	3-month 2013	2012	2011	2010
Closing balance of cash and cash equivalents	40.89	99.15	37.66	28.87

- In 2012, the Company' cash flow from operating was Baht 402.55 million, cash flow from investing was Baht 465.03 million mainly from film copyrights of Baht 456.44 million; and cash flow from financing was Baht 123.97 million. Net cash flow was Baht 61.49 million.
- For the 3-month period of 2013, the Company' cash flow from operating was Baht 50.17 million, cash flow from investing was Baht 117.88 million mainly from film copyrights of Baht 117.24 million; and cash flow from financing was Baht 9.45 million. Net cash flow was Baht 58.26 million.

Key financial ratios

Financial ratios		3-month 2013	2012	2011	2010
Liquidity ratios					
Current ratio	(times)	0.79	0.78	0.84	0.84
Quick ratio	(times)	0.68	0.58	0.53	0.62
Collection period	(days)	173	163	167	163
Inventory turnover	(days)	238	232	177	140
Payment period	(days)	119	54	72	85
Cash cycle	(days)	110	341	272	218
Profitability ratios					
Gross profit margin	(%)	32.00	19.23	37.42	34.74
Operating profit margin ^{1/}	(%)	0.47	(31.04)	9.02	7.51
Net profit margin ^{1/}	(%)	0.47	(32.05)	5.82	3.91
Return on equity	(%)	1.37	(61.78)	9.26	7.06
Efficiency ratios					
Return on assets	(%)	0.34	(21.27)	6.18	5.32
Return on fixed assets	(%)	25.10	(1,747.94)	591.64	509.82
Total Assets turnover	(times)	0.73	0.69	0.69	0.71
Financial policy ratios					
Debt to equity ratio	(times)	2.92	2.97	1.24	1.40
Interest coverage ratio	(times)	1.11	(8.24)	2.82	2.08
Dividend payment ratio	(%)	-	-	70.00	-

Remark :

- /1- Operating profit margin and Net profit margin : in year 2012 this ratios are negative side due to decreasing of revenue, increasing of cost of movie right and loss from impairment as mention earlier. In 1st quarter, on the other hand, the company can maintain gross profit margin over 30% as normal but decreasing in home entertainment business unit while fixed expenses are still happen, this two ratios are dropped when compare with year 2011-2012.

Commitment and Contingent Liabilities

As of March 31, 2013, the Company and its subsidiaries had commitments and contingent liabilities as follows:

- 1) Commitment obligations on bank guarantees in respect of film copyrights purchase amounting of Baht 17.40 million.
- 2) Commitment obligations in respect of long-term lease of land, building, and service contracts of Baht 5.97 million of which was under the non-cancellable lease contracts.
- 3) Commitment obligations in respect of purchases of film copyrights amounting of US\$ 6.71 million, Euro 0.05 million, and Baht 29.00 million, payable over the next two years.
- 4) Commitments under film production agreements, advertising and program broadcasting agreements with various film directors and other companies. The Company is committed to pay at the amount as stipulated in the related agreements throughout 2013 totalling Baht 18.47 million.

3. Rationale and Benefits of Entering into the Transaction

3.1 Objective and the Necessity of Entering into the Transaction

The Acquisition of Assets and the Connected Transactions on the purchase of ordinary shares of M Channel and T1 will highly benefit to the Company as a provider of foreign movie distribution rights and other related investment in the movie business via its subsidiaries such as Thai and foreign movie distribution rights, Thai movie production including a sale of copyrights via other medias i.e. Cable TV, Free TV, Internet, IPTV and the investment in its subsidiary for Home Entertainment. T1 will restructure its business to be a movie production house and allocate its agency business to mainly support Major Cineplex Group's business and will be an entertainment producer. The purchase of this 2 companies will increase its competitive advantage and potential for generating higher profits. M Channel will manage its advertising revenue via Cable TV and T1 will be a production and a management of movie copyrights. These will result in a fully-integrated business and a maximum efficiency to the Company and the group for movie distribution, competitiveness, and future profitability. And lastly these will bring good return in the long run for the shareholders.

3.2 The Pros and the Cons of Entering into the Transactions

3.2.1 The Pros

- To strengthen the Company's business operation

At present, the Company's core business is the procurement of international film rights to distribute in the country including the investment in related movie businesses via its subsidiaries e.g. procurement of Thai and international film rights, Thai film productions which will be distributed through local theaters, the selling of rights for broadcasting on Cable TV, Free TV, Internet, IPTV, including investment in its subsidiary engaging in Home Entertainment business.

The Company engages in procurement film rights and broadcasting via various channel e.g. Cable TV. The Company grants rights with remuneration to major operators who receive strong support from consumers including M Channel. The acquisition of M Channel's shares will enable the group of the Company to increase its advertising revenue from Cable TV and manage all film rights more effectively. T1 will be a business

unit in film production and manage its own film production which will increase its competitiveness resulting in the capability of revenue generating and profitability in future.

- Adding value to the Company's business

The Company will increase its competitiveness and profitability. Besides the selling of rights to broadcasting on Cable TV, free TV, Internet, IPTV, the Company will receive its revenue increased by M Channel which managed its advertising income from Cable TV. The channel on Cable TV will be increased due to Digital TV Technology, therefore demand of films in the recent past is increased. Those will enhance the group's overall marketing. The Company will be able to add value to the film production business of the group. T1 will generate additional income from film production and management of film rights, likes M Thirty Nine Co.,Ltd., another subsidiary as well.

- Realizing additional sales and profit

After the acquisition, M Channel and T1 will become subsidiaries of the Company (unless some existing shareholders may not exercise the share swap, the Company may acquire less than 50% of M Channel voting rights). The Company can promptly realize revenues and operating results of M Channel and T1 in the consolidated financial statement. In addition, it is expected that the combination of strength and coordination of MPIC, M Channel and T1 will add value and extend the business of those companies. Together with the support from MAJOR, the major shareholder and business alliance will increase revenues and operating results in future.

- Increasing efficiency in cost and expenses administration

Beside an increase in revenue and business enhancement, the Transactions will assist the Company to manage its costs and expenses more efficiently in future by reducing expenses and increasing efficiency of operation overlapping e.g. sales and marketing promotional expenses, advertising expenses, etc. As a fully integrated business, the Company will be able to prepare its marketing plan and share resources to maximize benefit such as film production plan and film distribution.

- Sanitizing Conflict of interest that may be occurred

M Thirty Nine Co.,Ltd., the Company's subsidiary and T1 engage in Thai film production business, therefore conflict of interest may be occurred. After the acquisition of T1, T1 will become its subsidiary as the same as M Thirty Nine Co.,Ltd. The Company will be able to clearly identify business operations of those companies. The group will emphasize the procurement of film rights, film production, and film distribution. MAJOR will not engage in any business related to film production.

- Strengthen the Company's capital structure

The Company will issue 28,240,000 new shares at a par value of Baht 1.00 and offer to the existing shareholders of M Channel (Private Placement) in a total of 21,200,000 shares at the offering price of Baht 2.71 per share. The 7,040,000 shares will be offered to MAJOR, the existing shareholder of T1 at the offering price

of Baht 2.71 per share. The Company's register capital and paid-up capital will be increased to Baht 675,902,500 and Baht 669,490,000, respectively. Premium on share will be increased Baht 48.29 million. (before deducting of expenses occurred in the issuance and offering of shares). The Company's financial position will be strengthened from the increased capital, D/E Ratio will decrease too.

3.2.2 The Cons

- Control dilution effect

As per the Transactions, the Company's register capital will be increased from 647,662,500 shares to 675,902,500 shares and paid-up capital will be increased from 641,250,000 shares to 669,490,000 shares. This will impact to the existing shareholders who do not exercise the share swap. The IFA identified control dilution impacts to existing shareholders, details are as follows:

Scenario 1 : All existing shareholders of M Channel, including MAJOR and existing T1 shareholders subscribe to the shares by share swap

Shareholders	Before Capital Increase		Increased capital for shareholders who exercise share swap	After capital increased for share swap	
	mil. shares	%		mil. shares	mil. shares
MAJOR	476.83	74.36	16.58	493.41	73.70
Other M Channel shareholders	-	-	11.66	11.66	1.74
Other MPIC shareholders	164.42	25.64	-	164.42	24.56
Total	641.25	100.00	28.24	669.49	100.00

$$\begin{aligned} \text{Control Dilution Effect} &= 1 - (Q_0 / (Q_0 + Q_e)) \\ &= 1 - (641.25 / (641.25 + 28.24)) \\ &= 4.22\% \end{aligned}$$

where Q_0 = No. of existing shares (641.25 mil.shares)

Q_e = No. of shares increased from newly issued shares (28.24 mil.shares)

Scenario 2 : MAJOR was the only existing shareholders of M Channel who subscribed the share but other shareholders remained silent and the existing shareholders of T1 exercise their rights.

Shareholders	Before capital increased		Increased capital for shareholders who exercise share swap	After capital increased for share swap	
	mil. shares	%		mil. shares	mil. shares
MAJOR	476.83	74.36	16.58	493.41	75.01
Other M Channel shareholders	-	-	-	-	-
Other MPIC shareholders	164.42	25.64	-	164.42	24.99
Total	641.25	100.00	16.58	657.83	100.00

Control Dilution Effect	$= 1 - (Q_0 / (Q_0 + Q_e))$
	$= 1 - (641.25 / (641.25 + 16.58))$
	$= 2.52\%$

where Q_0 = No. of existing shares (641.25 mil. shares)

Q_e = No. of shares increased from newly issued shares (16.58 mil. shares)

- Price Dilution Effect

As the Company will issue a total of 28,240,000 shares, a par value of Baht 1 per share. The offering price of Baht 2.71 per share is calculated based on the 15-trading day weighted average share price of the Company (Market price during 17 April 2013-9 May 2013) prior to the date on which the board of directors approved the resolution. There will be no price dilution effect.

- Increase debt and Interest Burden

After the acquisition of a 100% of M Channel shares and a 80% of T1 shares, M Channel and T1 will become the Company's subsidiaries. (In case that the shareholders of M Channel sell shares and exercise their rights, the Company will hold more than 50% of registered capital of M Channel). The Company has to realize operating results and financial position of its subsidiaries in the Company's consolidated financial statement. According to M Channel's consolidated financial statement as of March 31, 2013, there was no interest burden, therefore, there was no loans from financial institutions or related parties. As of March 31, 2013, the financial statement of T1 recorded short-term loans from financial institutions and short-term loans from related parties, the company recorded interest expenses. Therefore, the acquisition of this 2 businesses will enable the Company to record interest expenses in financial statement and consolidated financial statements.

- Risk from MAJOR will be able to control the resolution of the shareholders' meeting

MAJOR, as a shareholder of M Channel and T1, will receive a total of 16,579,979 newly issued shares of the Company. In case that all existing shareholders of M Channel (except MAJOR) do not exercise their rights of share swap and the existing shareholders of T1 (MAJOR) exercises its rights, the shareholding stake of MAJOR will increase from 74.36% to 75.01% of total paid-up share of MPIC. MAJOR will hold more than 75% of the Company's voting rights and have control of other shareholders, including the special resolution that required more than 3/4 or not less than 75% of total votes of the shareholders who attend the meeting and have rights to vote. Therefore, other shareholders will not be able to collect votes for checks and balances the proposal made by MAJOR, as a major shareholder.

According to the Notification of the Capital Market Supervisory Board No. Tor Chor .12/2011 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers dated May 13, 2011, it is possible that MAJOR stake will be increased after the transaction and may reach at or over trigger points that required mandatory tender offer of all securities of the Company (75% of total voting rights). As the Board of directors' meeting No.2/2013 of MAJOR dated May 10, 2013, the BOD approved and expressed intention to make voluntary tender offer from other shareholders of the Company. The tender price of common shares is Baht 2.71

per share. Tender Offer of the Company's securities proposed by MAJOR will be under terms and conditions as follows:

- (i) The shareholders' meeting of the Company resolves to approve the Company to purchase M Channel shares and T1 shares from MAJOR
- (ii) MAJOR and the Company have executed the Share Purchase Agreement and /or related documents
- (iii) Completion of conditions precedent as stated in the Share Purchase Agreement, and
- (iv) MAJOR receives the Company's newly issued shares as a result of the share swap

- Risk from continued operating losses in T1's performance and has retained loss

Talent One Co.,Ltd. (T1) has recorded operating losses since 2011. As of March 31, 2013, it incurred a retained loss of Baht 16.13 million. The company is therefore exposed to the continued operating loss in the future. However, T1 has planned to restructure its operation and transform its business into a movie production company. In addition, T1 has diverted its agency function to mainly support the businesses of the Major Cineplex Group, and engage in contract production of all forms of entertainment. It is expected that T1 operating results will be improved and be able to record net profit in the future.

3.3 Advantages and disadvantages of entering into transaction with related parties

- Advantage of entering into transaction with related parties

MAJOR is the major shareholder of M Channel and T1, therefore, the companies will have same management policy and structure, organization culture as well. The companies will not encounter with many changes in operations. The companies' executives are acquainted with one another which should give rise to good collaboration.

- Disadvantage of entering into transaction with connected party

Entering into the transaction with MAJOR, the Company's major shareholder may affect to the bargaining power in negotiations. However, the Company has strictly followed the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of a Listed Company in the Connected Transaction B.E. 2003. Directors who may have conflicts of interest would not attend and vote in the Board of Director's meeting. In addition, MAJOR and Mr.Vicha Poolvaraluck who is the major shareholder of MAJOR, and together as the stakeholder in the transaction will not be able to vote in the shareholders' meeting.

3.4 Risks from entering into the transaction

- Risk from operating results depending on movie industry

Engaging in Thai movie production, T1 may have impact if it is unable to produce a quality movies that meet the consumers' needs and satisfaction. The company has to produce movies by taking into account the consumer's satisfaction, suitability of sex and age of consumers, economic situation as well.

- Risk from business competition

Changes in consumer's behavior have a significant impact to movie industry. In addition, several channels have been selected by consumers, the Company needs to adjust itself to support the changes of consumer's behavior. The production of Thai movie is required to meet consumers' demand, including an increase in several distribution channels. This is to maintain the growth of Company's revenue. The Company has strong relationship with the largest cinema operation company in Thailand which provides strong supports to the Company in distributing its films and film rights.

- Risk associated with the fact that the Company will not be able to control the resolutions of M Channel shareholders' meeting in the case that all shareholders of M Channel (except MAJOR) do not exercise the rights to enter into the share swap.

In case all existing shareholders of M Channel (except MAJOR) do not exercise the share swap, the Company will end up holding only 45% of the voting rights in M Channel. The Company will not be able to control the majority votes in the shareholders' meeting. As such, other shareholders may collect votes to oppose any agenda proposed by the Company.

4. Appropriateness of the acquisition prices and transaction terms and conditions

In executing this asset acquisition and connected transactions, the Company will purchase 4,000,000 common shares for M Channel or 100% of M Channel at the price of Baht 14.38 per share (par value is Baht 10) from all existing shareholders including MAJOR and Mr. Vicha Poolvaraluck, totaling Baht 57.50 million. The payment will be in the form of 21,200,000 new shares issued by the Company (par value of Baht 1) at the price of Baht 2.71 per share to be offered to all shareholders of M Channel (share swap) instead of cash payment at the swap ratio of 5.30 new shares for 1 M Channel share. The Company will also purchase 320,000 shares of T1 (par value of Baht 100) or 80% of all shares in T1 at the price of Baht 59.70 from MAJOR, which is only one single shareholder at the price of Baht 59.70, totaling Baht 19.10 million. Payment will be made by issuing 7,040,000 new common shares (par value of Baht 1) instead of cash payment at the price of Baht 2.71 per share to MAJOR or the swap ratio of 22 new shares to 1 T1 share.

In considering the reasonableness of the share purchase transactions, the IFA has applied various approaches to evaluate the fair price of M Channel, T1, and MPIC shares in order to come up with the appropriate share swap ratio. The share valuation approaches are:

- 1) Book Value Approach
- 2) Adjusted Book Value Approach
- 3) Market Comparable Approach
 - Price to Book Value Ratio Approach (P/BV Ratio)
 - Price to Earnings Ratio Approach (P/E Ratio)
- 4) Market Price Approach
- 5) Discounted Cash Flow Approach (DCF)

4.1 Appropriateness of the share price of Major Kantana Broadcasting Co., Ltd. (“M Channel”)

4.1.1 Book Value Approach

The Book Value Approach involves the valuation of the net total assets recorded in the Company’s financial statements at a certain point in time without taking into account future performance of the company, the economic condition or industry trends. Based on this approach, the IFA applied the data from the financial statements of M Channel as of March 31, 2013 audited by an auditor on the approved list of the SEC. The result of the share valuation is shown below:

(Unit: Baht million)

Issued and paid-up capital	40.00
Legal reserve	-
Unappropriate retained earnings (losses)	21.58
Total shareholders’ equity	61.58
Total paid-up capital (million shares)	4.00
Book value (Baht per share)	15.40

Based on this valuation method, the book value per share of the Company is Baht 15.40 per share.

4.1.2 Adjusted Book Value Approach

The share price derived from Adjusted Book Value Approach reflects the market value of the Company’s assets which are calculated by adjusting the shareholders’ equity with the premium or discount on certain assets which could materially affect the Company’s book value. Similar to the Book Value Approach, this approach does not take into account the future operating performance of the Company or the overall economic condition and industry trends.

Nevertheless, based on M Channel financial statements as of March 31, 2013, most of the fixed assets consisted of production tools and computer equipment of which total value were Baht 3.79 million, or 2.87% of total assets. Such assets had been depreciated based on the useful life. Moreover the Company did not appointed an independent valuer to revalue the assets and there were no transactions after the financial statements date which had significant impact on the Company’s financial condition. Therefore, the IFA does not apply this method to value the Company’s stock price.

4.1.3 Market Comparable Approach

Share valuation based on the Market Comparable Approach is calculated by using the reference ratios of the listed companies which are in similar business to M Channel. The reference ratios which are widely used for comparison are:

- Price to Book Value Ratio, and
- The Price to Earning Ratio

As far as the peer group companies are concerned, they are the listed companies engaging in satellite TV media, production of television programs, and event organizing, which are similar to the business of M Channel. These companies are:

1. Work Point Entertainment Public Company Limited (“WORK’)
2. GMM Grammy Public Company Limited (“GRAMMY”)
3. R.S. Public Company Limited (“RS”)
4. Matching Maximize Solution Public Company Limited (“MATCH”)
5. True Corporation Public Company Limited (“TRUE”)
6. Wave Entertainment Public Company Limited (“WAVE”)
7. Live Incorporation Public Company Limited (“LIVE”)

In selecting the above 7 peer group companies, the IFA applies the following criteria:

- 1) They are listed companies engaging in similar business to M Channel and having shared traded on the Stock Exchange of Thailand (SET)
- 2) They are listed companies of which shares were traded for the last 360 days retroactive from November 18, 2011 to May 9, 2013, which was the period used by the IFA in determining the share price
- 3) They are listed companies of which shares were actively traded on the SET as determined by the turnover ratio of more than 10% during November 18, 2011 and May 9, 2013
- 4) They are companies of which more than 15% of total revenue came form satellite TV media business, TV program production business. Based on this criteria, the IFA decided to drop TRUE because less than 15% of its revenue came from the same business as M Channel (source:TRUE's annual report as of 2013)
- 5) They are companies of which P/BV Ratio and P/E Ratio were not significantly different from that of the average peer group (Out-liner). Based on this criteria, the IFA decided to drop WAVE and LIVE because their P/E ratios were significantly higher than the peer group averages for various intervals including 7-day average and 360-day average retroactive from May 9, 2013.

Below is detailed calculation of M Channel's share value based on the said method.

1) Price-to-Book Value Ratio Approach (P/BV Ratio)

The IFA used the book value per share from the financial statements of M Channel as of March 31, 2013 (audited by the auditor on the SEC approved list) which was Baht 15.40 per share (based on detailed calculation in 4.1.1). By multiplying such value with the P/BV Ratios of the peer group companies for various intervals from 7-day to 360-day average retroactive from May 9, 2011 which was the day before the Board of Directors' approval of the transaction, we obtained the results as summarized below.

Peer Group Companies	Average P/BV Ratio (times)							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
Workpoint Entertainment PCL (WORK)	11.02	10.38	9.86	9.86	9.62	8.89	7.85	6.12
GMM Grammy PCL(GRAMMY)	4.22	4.24	4.21	3.94	3.49	3.27	3.27	3.52
RS PCL ("RS")	8.28	8.17	8.06	7.95	6.88	6.18	5.39	3.95
Matching Maximize Solutions PCL ("MATCH")	2.14	2.13	2.20	2.37	2.60	2.47	2.13	1.62
4 companies' average	6.42	6.23	6.08	6.03	5.65	5.20	4.66	3.80
Price per share (THB)	<u>98.80</u>	95.98	93.67	92.82	86.96	80.15	71.76	<u>58.59</u>

Source : SETSMART

The share valuation was calculated by multiplying the book value per share to the average P/BV ratio of 4 listed companies engaging in similar business and resulted in the share price range of Baht 58.59-98.80.

2) Price to Earnings Ratio Approach: P/E Ratio

The IFA calculated the earning per share of Baht 8.04 from the total net profit of Baht 32.17 million as shown in the 12-month income statement (April 1, 2012- March 31, 2013) and multiplied by the average closing price to earning per share of the companies in the peer group at various interval periods ranging from 7 to 360 days retroactive from May 9, 2013 which was the day before the Company's Board of directors' resolution to approve this transaction. The results can be summarized as follows:

Peer Group Companies	Average P/E Ratio (times)							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
Work point Entertainment PCL (WORK)	37.02	34.88	33.13	33.35	32.69	30.39	28.01	21.88
GMM Grammy PCL(GRAMMY)	N/A	N/A	N/A	54.27	46.98	44.27	36.81	25.81
RS PCL ("RS")	36.90	36.43	35.91	35.52	30.80	27.82	25.32	19.62
Matching Maximize Solutions PCL ("MATCH")	16.81	16.73	17.25	20.82	25.20	25.22	25.82	26.60
4 companies' average	30.24	29.35	28.77	35.99	33.92	31.93	28.99	23.48
Price per share (THB)	<u>243.28</u>	236.08	231.40	289.49	272.82	256.84	233.21	<u>188.86</u>

Source : SETSMART

The share valuation based on the earning per share multiplied by the average P/E ratios of the 4 listed companies engaging in similar business resulted in the share price range of Baht 188.86-243.28 per share.

4.1.4 Market Price Approach

The share valuation based on Market Price Approach reflects the market prices which depend on the actual demand-supply from stock trading whereby the investors take into account the related information on the Company, the overall market condition, including anticipation of various situations which could have an impact on the Company's performance, overall trading or economic condition.

As M Channel was not listed on the SET, the reference share prices were not available and the IFA therefore did not apply this method for share valuation.

4.1.5 Discounted Cash Flow Approach : DCF)

Share valuation based on the DCF Approach takes into account the Company's ability to generate future revenue by calculating the net present value of the projected cash flow using the appropriate discount rate. The IFA calculated the Cost of Equity (Ke) to be used for the calculation of the Free Cash Flow to Equity. The 5-year financial projection from 2013-2017 was conservatively prepared based on the assumption that the Company would continue to operate as a going concern and that there was no material adverse change in operation, economic condition. The Free Cash Flow to Equity was calculated as of May 9, 2013 which was the day before the Company's Board of Directors resolved to approve this Transaction.

The key assumptions used in the preparation of the Company's financial projection can be summarized below:

- **Revenue from sales of advertisement and air time**

M Channel is engaged in the business of broadcasting programs and movies. The main revenue comes from sales of advertisement and air time. During the first quarter of 2013, such revenue expanded continuously. This was due to the fact that M Channel became well-known and gained more acceptance by the consumers. It was able to maintain its position as one of the top 3 channels (source: <http://www.agbnelsen.net>) that enjoyed the largest viewers since 2011. This enabled the Company to adjust the air time and advertisement rates. M Channel was restricted by law not to sell more than 6 minutes of advertisement time per one hour, totaling maximum advertisement time of 48,000 minutes per year (Notification from Office of The National Broadcasting and Telecommunications Commission: NBTC, regarding permission for broadcasting audio and television B.E.2555). Nevertheless, the Company has a policy to reduce its own production and allows other firms to produce the programs in order to increase varieties to the station channel. There is a sharing of advertisement time to the outside producers. Such producers must undertake to sell the advertisement. Such sharing resulted in the reduction of the annual advertisement time for the Company. Hence, the IFA assumed that the air time charge (only for M Channel's revenue) is equal to 90% all through the projection period. The Company's management had a policy to adjust the air time charge upward every year based on the fact that M Channel was able to maintain its rating as one of the 3 players with highest number of viewers every year. Furthermore the air time and the advertisement rates of M Channel were still low when compared to the rates charged by other Free TV channels such as Channel 3 or Channel 7. As the number of viewers continued to increase, product owners have a tendency to increase their advertisement budget via Cable TV as well. Hence, the IFA projected the air time and the advertisement rates in 2013 to be based on the first quarter results and increased every year according to the management target at the rate of 10% per annum from 2014 onward.

M Channel has sold air time to a customer since 2012 and such customer still wishes to continue to buy the air time. The IFA therefore projected the air time revenue in 2013 from the average revenue over the past 15 months (January 2012- March 2013) with 5% growth rate throughout the projection period.

Unit: Baht million	2011	2012	2013F	2014F	2015F	2016F	2017F
Revenue from sale of advertisement	N.A.	89.40	120.08	132.09	145.30	159.83	175.81
Revenue from sale of air time	N.A.	1.14	1.66	1.74	1.83	1.92	2.02

- **Revenue from Tie-in advertisement**

In Tie-in advertisement, the Company allocates the time for its customers in addition to the advertisement during the normal time slot. At present, there are a lot of this type of customers resulting in the inability to fulfil the Tie-in advertisement of all customers in each year. The Company prepared the time table to allocate the remaining customer orders which are already fully booked in 2013 and the revenue from 2014 onward will grow at the same rate of advertising rate adjustment.

Unit : Baht million	2011	2012	2013F	2014F	2015F	2016F	2017F
Revenue from Tie-in ad sale	N/A	9.02	7.12	7.83	8.62	9.48	10.42

Remark : Tie in is a new methodology to present products to target group while watching television such as sample use product, graphic wording pop-up on screen.

- **Other income**

Most of other income came from short message service (SMS) which encourages the viewers to send SMS to the program while still On Air, revenue from event organizer, revenue from production for the children., and other income.

SMS revenue is net of the amount paid by M Channel to the producers. The management viewed that this revenue had a tendency to remain stable as compared to the previous years. The IFA therefore projected this income to be based on the average SMS revenue over the last 15 months with no growth rate all through the projection period.

- Revenue from organizing events: From interview with the management, they viewed these activities to enable the Company to be more well-known. Events also enabled the company to have contents for the program channels. In the financial projection, the IFA projected other income to be Baht 5.00 million with 10% growth per year throughout the projection period

Unit : Baht million	2011	2012	2013F	2014F	2015F	2016F	2017F
Revenue from SMS	1.52	2.09	2.10	2.10	2.10	2.10	2.10
Revenue from Event	0.38	3.85	5.00	5.50	6.05	6.66	7.32

- **Cost of goods sold**

The company's cost of goods sold consists of the cost of broadcasting pictures and voices, and cost of sales of movies and transactions, and other costs such as cost of production, cost of organizing events, and miscellaneous production costs. The IFA established the assumptions as follows:

- Broadcasting is cost from rental of air time from various stations. During 2012-2013, the Company increased the channels which gave rise to increasing rental costs. The IFA projected the broadcasting cost in 2013 to be the annualized cost of the 2013 first quarter results, and increased at the rate of 5% per annum based on the average growth rate in the industry.
- Cost of showing movies and programs consisting of copyright cost, film production, dubbing cost, subtitling cost, etc. As the management anticipated rising copyright cost of popular movies, the IFA projected such cost to increase at the rate of 20% per annum all through the projection period and to be amortized within one year. In 2013, the IFA increased the copyright cost from related company based on the broadcasting agreement in which the copyright cost per movie increased significantly. This was because the related company (as copyright assigner) allowed M Channel (the assignee) to become sole distributor and/or reassignor of such copyright to Free TV and Cable TV operators within Thailand. However, the IFA does not project the revenue from such assignment as there was no clarification on such additional revenue.
- Cost of in-house program production. From time to time, it was necessary for the Company to produce its own programs for broadcasting. Such cost was projected based on actual cost incurred in the first quarter of 2013. In addition, the Company had a policy to allow external producer to produce programs for TV broadcasting and the Company allocated a portion of the advertisement slot to the producers.
- Event organizing cost was projected at 90% of event revenue based on the event revenue target set by the management
- Other costs were projected based on the actual costs incurred in the first quarter of 2013 and annualized for the year. The costs were projected to grow at the rate of 3.21% per annum based on the average inflation rate over the past 10 years.

Unit: Baht million	2011	2012	2013F	2014F	2015F	2016F	2017F
Broadcasting cost	12.41	22.30	38.90	40.84	42.88	45.03	47.28
Cost of showing movies or programs	8.20	12.66	41.76	55.79	58.58	61.51	64.59
Program production cost	8.53	8.13	8.32	8.74	9.18	9.64	10.12
Event organizing cost	0.13	5.47	4.50	4.95	5.45	5.99	6.59
Other costs	4.56	5.30	7.26	7.49	7.73	7.98	8.23

- **Selling and administrative expenses**

The IFA made the assumptions on selling and administrative expenses as follows:

- Personnel expenses were projected based on actual salaries as of the first quarter of 2013 and were projected to grow at the rate of 5% per annum in accordance with the Company policy.

- Rental and common fees were based on the actual fees incurred in the first quarter of 2013 and were projected to increase at the rate of 5% per annum in line with the industry average as provided by the management.
- Administrative expenses were based on the agreement between M Channel and MAJOR which provided the accounting services to the Company and were projected to be flat all through the projection period.
- Other expenses were based on the average expenses incurred over the past 15 months (January 2012-March 2013) which was 3.21% per annum all through the projection period.

Unit: Baht million	2011	2012	2013F	2014F	2015F	2016F	2017F
Personnel expenses	6.45	10.03	12.15	12.76	13.40	14.06	14.77
Rental and common fees	0.60	0.60	0.60	0.63	0.66	0.69	0.73
Administrative expenses	0.48	0.48	0.48	0.48	0.48	0.48	0.48
Other expenses	6.93	11.83	11.64	12.01	12.40	12.79	13.21

- **Depreciation and amortization expenses**

The IFA applied the depreciation policy of the Company and assumed that the annual increase in fixed assets and intangible assets were equal to the average investment in fixed assets and intangible assets over the past 15 months (January 2012-March 2013). As for the increased investment in movie distribution rights, it was in line with the Company's policy on purchases of distribution rights as mentioned in the cost of showing movies

- **Corporate income tax**

With reference to the Royal Decree No.530, the IFA projected the corporate income tax during 2013-2014 to be 20% and returned to the normal rate of 30% from 2015 onward.

- **Investment cost**

No plan to invest more than buying the office supply which was based on actual data in year 2012.

- **Trade policy**

The account receivables collection period, sales terms, and payment terms for accounts payable were based on the information provided by the management.

- **The discount rate**

The discount rate to be applied in the calculation of the net present value of the cash flow was derived from the Cost of Equity (Ke) of the Company in proportion to the debt-to-equity structure of the project over the 5-year period. The formula is shown below:

$$K_e = \text{Cost of Equity}$$

$$\text{Cost of Equity} = R_f + \beta (R_m - R_f)$$

Where

$$\text{Risk free Rate (Rf)} = \text{The rate of return on 30-year government bond which was 4.17\% per annum as of May 9, 2013 (Source: www.thaibma.or.th)}$$

Beta (β) = Because M Channel did not have its own Beta, the IFA derived the beta value from the 4 peer group companies consisting of WORK, GRAMMY, RS, AND MATCH. The IFA applied the peer group's average one-year beta retroactive from May 10, 2012 to May 9, 2013 (Source: Efinance Thai) and unlevered the beta at the peer group debt-to-equity ratio of 0.92. The unlevered beta was then relevered by the after-tax debt to equity ratio of M-Channel at 0.79 based on the Capital Asset Pricing Model (CAPM) in order to calculate K_e .

Market Return (R_m) = The rate of return on the SET for the period between 1975-May 9, 2013 which was 14.82% per annum (Source : EfinanceThai)

After substituting the above variables into the formula, we obtained the K_e of 12.56% per annum.

- **Cash flow after the projection period (Terminal Value)**

The Terminal Value after year 5 was calculated based on various factors including the cash flow to equity holders in year 5, annual rate of increase of the cash flow, and the discount rate. The formula is:

$$\text{Terminal Value} = ((CF_5 \times (1 + G)) / (K_e - G))$$

Where

CF_5 = Cash flow in year 5 (2017)

G = Average annual rate of increase in the cash flow as a going concern was 1% per annum which IFA consider on continuous growth on the nature of business

K_e = Return on equity equals 12.56% per annum

Summary of Net Present Value of Free Cash Flow to Equity

(Unit: THB million)	2013F	2014F	2015F	2016F	2017F
Free Cash Flow to Equity	(11.06)	1.79	2.89	10.85	15.24
Terminal Value					133.19
Net Present Value of cash flow	(10.29)	1.48	2.12	7.97	11.19
Net Present Value after the projection period	97.83				
Net present value of total cash flow	110.31				
Add: Non-operating Assets	21.36				
Net Present Value of total cash flow	131.67				
Number of shares	4,000,000				
Share value (THB/share)	32.92				

From the table above, the Net Present Value of Cash Flow to Equity was Baht 131.67 million and the share price was at Baht 32.92 per share (rounded off from 32.9185).

Summary Table: Results of M-Channel valuation method.

Valuation Method	Prices (THB per share)
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Book Value per Share	15.40
P/BV Ratio	58.59 – 98.80
P/E Ratio	188.86 – 243.28
Net Present Valu of Cash Flow	32.92

4.2 Appropriateness of the price of Talent One Company Limited (T1)

4.2.1 Book Value Approach

The Book Value Approach reflects the accounting valuation of net assets on the book of the Company at any one point in time without taking into account the future results of the Company or the overall economic and industry conditions. The calculation of book value was based on the audited financial statements of T1 as of March 31, 2013. The results are:

(Unit: Baht million)

Issued and paid-up shares	40.00
Retained earning for legal reserve	-
Unappropriate retained earnings (losses)	(16.13)
Total shareholders' equity	<u>23.87</u>
Total subscribed shares (million shares)	<u>0.40</u>
Book Value per share (Baht / Share)	59.68

Based on the above valuation method, the Company's book value was Baht 59.68 per share

4.2.2 Adjusted Book Value Approach

The adjusted book value Approach takes into account the market value of the company's assets by adjusting the shareholders' value with the premium or discount from revaluation of the assets which significantly affect the book value. Similar to the book value approach, this method does not take into consideration the future performance, overall economic and industry condition.

Nevertheless, the stand-alone financial statements of T1 as of March 31, 2013 showed that most of the fixed assets consisted of office improvement, office equipment and decoration, and computers with combined net book value Baht 1.90 million or 3.74% of total assets. Such assets were depreciated over their useful life. Moreover, the Company did not have such assets appraised by an independent valuer and the Company had no transactions post the closing date of the financial statements, which had significant impact on the Company's financial condition. As such, the IFA did not apply this method to obtain the value of the Company.

4.2.3 Market Comparable Approach

The market comparable approach calculates the value of the company by comparing the reference ratios of listed companies in similar business as T1's. The most common ratios used for comparison are:

- Price to Book Value Ratio, and
- Price to Earnings Ratio

The listed companies engaging in the film production business, which is similar to the business of T1, of which reference ratios were applied under this method are:

1. Workpoint Entertainment Public Company Limited (“WORK”)
2. GMM Grammy Public Company Limited (“GRAMMY”)
3. RS Public Company Limited (“RS”)

In selecting the 3 listed companies to be used as Peer Group in the valuation, the IFA applied the following criteria

- 1) They were listed companies of which business was similar to that of T1 and had shares traded on the SET. Based on this criteria, the IFA dropped RS from the peer group because RS announced its policy not to produce movies by himself but planned to produce TV soap opera for broadcasting only
- 2) They were listed companies of which share (prices over 360 days) were available
- 3) They were listed companies with at least 10% turnover ratio during the period between November 18, 2011-May 9, 2013.
- 4) They were companies which had revenue from film making, more than 15% of total revenue.
- 5) They had the ratios of closing Price to BV, and closing price to P/E.ratio which were not significantly different from the peer group with the average values of the out-liner.

Details of the calculation of T1 shares from the mentioned approach are as follows:

1) Price to Book Value Ratio Approach: P/BV Ratio

Basd on this approach, the IFA used the book value per share of T1 at Baht 59.68 , which was obtained from the stand alone financial statements as of March 31, 2003 audited by an auditor from the Securities Exchange Commission’s approved list (as per detailed calculation of book value per share in 4.2.1), and multiplied by the average price per book value ratios of the peer group companies at various interavals ranging from 7 to 360 trading days retroactive from May 9, 2003, which was the day before the Board approved the underlying transaction. The results are summarized below:

Peer Group Companies	Average P/BV Ratio (times)							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
Workpoint Entertainment PCL. (WORK)	11.02	10.38	9.86	9.86	9.62	8.89	7.85	6.12
GMM Grammy PCL. (GRAMMY)	4.22	4.24	4.21	3.94	3.49	3.27	3.27	3.52
Average of 2 companies	7.62	7.31	7.04	6.90	6.55	6.08	5.56	4.82
Price per share (Baht)	<u>454.80</u>	436.36	419.97	411.60	391.00	363.01	331.82	<u>287.76</u>

Source : SETSMART

The share valuaion based on book value per share multiplied by average price to book value ratios of 2 listed peer group companies gave rise to the share price range of Baht 287.76-454.80 per share.

2) Price to Earnings Ratio Approach: (P/E Ratio)

The IFA considered the valuation of T1 shares by comparing the P/E Ratios of the listed peer group companies. However, T1 had incurred losses during April 1, 2012-March 31, 2013 in the amount of Baht 7.09 million. As such, the IFA could not value the T1 shares based on this method.

4.2.4 Market Price Approach

The share valuation based on market price is the approach that reflects the real demand and supply of in the SET whereby the investors take into account all information concerning overall market condition, various situations which could have an impact on the Company's operation, and trading or economic condition.

Nevertheless, as T1 is not a listed company on the SET, there are not reference market prices. As such, the IFA did not apply such method for share valuation of T1.

4.2.5 Discounted Cash Flow Approach: DCF

Share valuation based on the DCF approach takes into account the the company's ability to generate future revenue by calculating the net present value of the net cash flow discounted by an appropriate discount rate. The IFA computed the Cost of Equity (Ke) to be used as the discount rate in calculating the Free Cash Flow to Equity. A 5-year financial projection was prepared for the period during 2013-2017 based on the on going concern assumption and no material adverse change from the current economic condition and conservative approach. The calculation was discounted back to May 9, 2013 which was the day before the Board approved the underlying transaction.

The key assumptions used in preparing the Company's financial projection could be summarized below:

- **Revenue from Movie Production**

The former core business of T1 was acting as a creative agency to various companies. Later towards the end of 2001, Major Cineplex Group Pcl. Became majority shareholder with 80% holding. There was a corporate restructuring and change of business model to become a movie production company and contract producer of all kinds of entertainment. As a result, in the financial projection, the IFA projected only the revenue from movie production only. The revenue structure was as followsa;

- Revenue from movie production could be divided into revenue from movie production and revenue from sale of movie copyrights, totaling 90% of total revenue via various channels such as theaters, provincial movie agents, home entertainment, including sales of movie copyrights in foreign countries. The remaining 10% will be revenue from sponsors. In 2013, the Company plans to produce and launch 1 movie call "Last Summer" which is due to show on June 27, 2013. Nevertheless, the Company has a goal to produce 2-3 movies per year. The IFA reduced the target to only 1 movie as referred to total revenue projected by the Company's management. From 2014 onward, the Company will derive revenue from 2 movies per year with reference from M39 Co., Ltd. Which a member of MPIC group in similar business

- Agency revenue Based on the Company's projection, revenue from agency work in 2013 was Baht 4.60 million. The agency revenue was projected to be Baht 4 million for the remaining of the projection period.

Unit : Baht Million	2013F	2014F	2015F	2016F	2017F
Revenue from movie production and sales of copyrights	50.81	108.00	113.40	119.07	125.02
Revenue from sponsors ^{1/}	5.65	12.00	12.60	13.23	13.89
Agency revenue ^{2/}	4.60	4.00	4.00	4.00	4.00
Total revenue	61.06	124.00	130.00	136.30	142.92

Remark :

/1- Revenue from sponsors : Owner of products support budget cost for product a movie which targeted 10% of total budget cost

/2- Agency revenue : revenue from coordinate all details such as seeking actor/actress, stuntman up on request for event

- **Production and Service Costs**

Movie production costs include of amortization of movie production costs (which consist of amortization of distribution rights for the cinemas, for DVD, VCD, TV, and home entertainment), cost of revenue sharing, sponsor cost, and agency cost.

Amortization of movie production cost Based on the management interview, on the average, producing 1 movie will cost approximately Baht 25-30 million. The projection assumes that this cost will increase 5% per annum based on industry average provided by the Company's management. This cost will be amortized as distribution right within one year from the movie premiere date. The policy on amortization of distribution rights is the same as that of M39 Co., Ltd. Which is the same company in the MPIC Group which is engaged in similar business as T1. As for the cost of the first movie production in 2013, the IFA would base on the actual cost incurred.

- Revenue sharing Based on the memorandum of understanding between T1 and the movie director of the Last Summer.
- Sponsor cost is 60% of the sponsor revenue according to information from the management
- Agency cost is 70% of agency revenue based on interview of the management.

Details of production and service costs of T1 are as follows:

Unit : Baht Million	2013F	2014F	2015F	2016F	2017F
Amortization of movie production	21.45	51.35	59.01	61.86	64.85
Revenue sharing	0.00	3.27	3.50	3.79	4.08
Sponsor cost	3.39	7.20	7.56	7.94	8.33
Agency cost	3.22	2.80	2.80	2.80	2.80
Total cost	28.06	64.62	72.88	76.39	80.07

- **Selling and Administrative Expenses** The IFA used the following assumptions:
 - Personnel expenses are based on the salary information as of the first quarter of 2013 and are projected to increase at the rate of 5% per annum.
 - Selling and marketing expenses are based on the management interview that the expenses per movie are Baht 15 million which already include sponsor cost. These expenses are projected to increase at the rate of 5% per annum according to industry average. As for the cost of the first movie in 2013, the IFA used the actual advertisement cost incurred.
 - Other expenses are based on the average other expenses incurred over the last 15 months (January 2012-March 2013) and are projected to rise with the average of the inflation rates over the last 10 years which is 3.21% per annum all through the projection period.

Unit : Baht Million	2013F	2014F	2015F	2016F	2017F
Personnel expenses	12.39	13.01	13.66	14.34	15.06
Selling and marketing expenses	26.61	22.80	23.94	25.14	26.39
Other expenses	6.24	6.44	6.64	6.86	7.08

- **Depreciation and Amortization Expenses**

The IFA adopts the depreciation policy of the Company and assumes that the investment in fixed assets and intangible assets equal the average investment in fixed assets and intangible assets over the last 15 months (January 2012-March 2013). As for the additional investment in movie distribution rights as per distribution right purchase policy mentioned in the movie showing costs section.

- **Interest Expenses**

These are based on the interest rates provided in the loan agreement of each financial institution and intercompany lending policy.

- **Corporate Income Tax**

The IFA refers to the Royal Decree No. 530 which stipulates that the tax rate for 2013-2014 shall be 20% and back to the normal rate of 30% from 2015 onward.

- **Capital Expenditures**

No plan to invest more than buy the office supply which was based on actual data in year 2012.

- **Trade Policy**

The collection period for account receivables, sales terms, suppliers' credit terms are based on various agreements and information provided by the management interview.

- **Discount Rate**

The discount rate used in the calculation of present value of the net cash flow is derived from the Cost of Equity (Ke) of the Company in proportion to the debt to equity ratio of the project which varies over the 5-year period. The IFA applies such discount rate on the net cash flow with details and calculation formula provided below:

Ke	=	Cost of Equity
Cost of Equity	=	$R_f + \beta (R_m - R_f)$
Where		
Risk free Rate (Rf)	=	Rate of return on 30-year government bond which is 4.17% per annum as of May 9, 2013 (source: www.thaibma.or.th)
Beta (β)	=	Because T1 does not have its own Beta , the IFA therefore derived the Beta value from the 1-year average Beta of 2 listed peer group companies namely, WORK and GRAMMY. The period for calculation was from May 10, 2012-May 9, 2013 (source: Efinance Thai). The Beta of 0.80 was unlevered and then relevered based on the capital structure (after-tax debt to equity ratio) of T1. The resulting leveraged Beta of 1.20 was then applied in the CAPM (Capital Asset Pricing Model) formula to compute Ke.
Market Return (Rm)	=	The average return on the SET Index during 1975-May 9, 2013 which was 14.82% per annum (source: Efinance Thai)

When applying all the variables above into the formula, the resulting Ke of 16.90% was derived and used as a discount rate in calculating the Free Cash Flow to Equity.

- **Cash Flow after the Projection Period (Terminal Value)**

The terminal value after year 5 was derived based on various factors such as net cash flow in year 5, average growth of annual cash flow, and the discount rate by applying the following formula:

$$\text{Terminal Value} = ((CF_5 \times (1 + G)) / (Ke - G))$$

Where

CF ₅	=	Cash flow at the end of year 5 (2017)
G	=	Average growth rate of annual cash flow on going concern basis @1% per annum which IFA consider on continuous growth on the nature of business
Ke	=	Return on Equity @ 16.90% per annum

Summary Table of Free Cash Flow to Equity

Unit : Baht Million	2013F	2014F	2015F	2016F	2017F
Free Cash Flow to Equity	(8.92)	(1.61)	9.44	6.27	7.49
Terminal Value					47.55
Net Present Value of Cash Flow	(8.11)	(1.25)	6.28	4.17	4.98
Present Value of Terminal Value	31.64				
Net Present Value of Total Cash Flow	37.71				
add :Non-operating Assets	5.14				
Net Present Value of Total Cash Flow	42.85				
Number of shares (shares)	400,00				
Share value (Baht per share)	107.14				

The valuation based on the DCF approach gave rise to the net present value of Free Cash Flow to Equity of Baht 42.85 million and the share value of T1 at Baht 107.14 per share (round off from the computed value of Baht 107.1359 per share).

Summary Table of T1 Share Valuation

Valuation Method	Share Value (Baht/share)
Book Value Approach	59.68
Price-to-Book Value Ratio Approach	287.76 – 454.80
Discounted Cash Flow Approach	107.14

4.3 Appropriateness of the Share Price of M Pictures Entertainment Public Company Limited (“MPIC”)

4.3.1 Book Value Approach

The Book Value Approach reflects the net asset value at any point in time based on the financial statements of the company regardless of the future performance of the company, economic condition or industry trends. Under this method, the IFA obtained information from the consolidated financial statements of MPIC as of March 31, 2013 which had been audited by the auditor on the SEC approved list. The book value obtained is presented below:

(Unit: Baht million)

Issued and paid-up capital	641.25
Capital Surplus (Deficit)	105.75
Appropriated Retained Earnings for Legal Reserve	3.81
Unappropriated Retained Earnings (Losses)	(419.77)
Others	0.90
Total Shareholders' Equity	331.94
Total subscribed shares	641.25
Book Value per share (Baht/share)	0.52

The valuation method resulted in the Company's book value per share of Baht 0.52 per share.

4.3.2 Adjusted Book Value Method

The adjusted book value approach reflects the market value of the company's assets by applying the adjustments shown in the shareholders' equity as a result of premium or discount on revaluation of some assets which could significantly impact the book value of the company without taking into account the future performance of the company, the overall economic condition or industry trends in the same manner as the book value approach.

Nevertheless, in reviewing the MPIC's consolidated financial statements as of March 31, 2013, it was found that the Company had the amount of goodwill of Baht 259.54 million which was a result of a merger in the previous year. In addition, most of the fixed assets consisted of building, building improvements, office furniture and fixtures, and vehicles totaling Baht 17.62 million or 1.35% of total assets. Such assets had been depreciated over the useful

life and the Company did not have the assets valued by an independent valuer. The Company also had no transactions which would have significant impact on the financial condition of the Company. As such, the IFA did not use this method to value the Company's shares.

4.3.3 Market Comparable Approach

The Market Comparable Approach compares the reference ratios of the listed companies which are engaged in similar business as that of MPIC. The reference ratios consist of:

- Price-to-Book Value Ratio, and
- Price-to-Earnings Ratio

As for the listed companies which are engaged in the movie production, purchase of movie distribution rights for cinemas, and CD, DVD, and for TV broadcasting both on Cable TV, Free TV, Internet, IPTV which are close to the business of MPIC, they are:

1. Workpoint Entertainment PCL. ("WORK")
2. GMM Grammy PCL. ("GRAMMY")
3. DNA 2002 PCL. ("DNA")

The IFA sets criteria for selecting the 3 peer group companies as follows:

- 1) They were listed companies of which business was similar to that of MPIC and had shares traded on the SET.
- 2) They were listed companies which had market prices in the last 360 working days from November 18, 2011- May 9, 2013 which was the period used by the IFA to value the share price. From this criteria, the IFA dropped DNA because it was listed on December 21, 2012 and had on 92 days of market prices.
- 3) They were listed companies of which shares were actively traded and had liquidity in the SET judging from the turnover ratio of more than 10% during November 18-May 9, 2013.
- 4) They were companies which had more than 15% of revenue from movie production, purchase of movie distribution rights for cinema, CD, DVD, and TV broadcasting.
- 5) The P/BV ratio and P/E Ratio of the selected companies were not significantly different from average ratios of the peer group companies.

Details on valuation of MPIC shares based on this approach are as follows:

1) Price-to-Book Value Ratio Approach (P/BV Ratio)

The IFA took the book value per share of MPIC of Baht 0.52 per share based on the financial statements as of March 31, 2013 audited by the auditor on the SEC's approved list (as per detailed calculation of book value per share in 4.3.1) and multiplied by the average P/BV Ratio of the list peer group companies at different

period from 7 days to 360 trading days retroactive from May 9, 2013 which was the day before the Board of Directors' approval of the transaction. The results are summarized below:

Peer Group	Average P/BV Ratio (times)							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
Workpoint Entertainment PCL. (WORK)	11.02	10.38	9.86	9.86	9.62	8.89	7.85	6.12
GMM Grammy PCL. (GRAMMY)	4.22	4.24	4.21	3.94	3.49	3.27	3.27	3.52
Average 2 companies	7.62	7.31	7.035	6.9	6.555	6.08	5.56	4.82
Value per share (Baht)	<u>3.96</u>	3.80	3.66	3.59	3.41	3.16	2.89	<u>2.51</u>

Source: SETSMART

Share valuation by taking the Book Value per Share multiplied by P/BV Ratio of 2 listed peer group companies resulted in the share value of Baht 2.51-3.96.

2) Price to Earnings Ratio Approach: P/E Ratio

The IFA calculated the share value of MPIC by comparing the P/E Ratio of the listed peer group companies. However, over the last 12 months, i.e. the period between April 1, 2012 and March 31, 2013, MPIC incurred a net loss of Baht 352.13 million. MPIC had retained loss of Baht 325.13 million. Hence, the IFA was unable to use the approach to value MPIC shares.

4.3.4 Market Price Approach

Share valuation based on the Market Price Approach reflects the market prices according to the demand and supply of the shares traded by investors on the SET after taking into account the publicly available information on the company, market condition, and expectation of various situation which could have an impact on the Company performance, overall trading and economic condition.

The IFA calculated the weighted average prices of MPIC over different periods from 7 to 360 trading days retroactive from May 9, 2013 which was the day before the Board's resolution for the Company to enter into the transaction.

Therefore, the share value based on Market Price Approach can be calculated below:

Interval Period	Time Period Used in the Calculation	Weighted Average Price (Baht/ share)	Trading Volume per Day	Average Daily Trading Value (Baht million)	Average Turnover
7 trading days	29 April 2013 - 9 May 2013	2.68	16.88	42.25	2.63
15 trading days	17 April 2013 - 9 May 2013	2.71	52.62	142.36	8.19
30 trading days	22 March. 2013 - 9 May 2013	<u>3.06</u>	188.63	576.75	29.41
60 trading days	7 February 2013 - 9 May 2013	2.87	324.44	932.58	50.56

Interval Period	Time Period Used in the Calculation	Weighted Average Price (Baht/share)	Trading Volume per Day	Average Daily Trading Value (Baht million)	Average Turnover
90 trading days	25 December 2012 - 9 May 2013	2.67	394.44	1,051.39	61.47
120 trading days	9 November 2012 - 9 May 2013	2.55	436.26	1,111.55	67.99
180 trading days	16 August 2012 - 9 May 2013	2.28	563.21	1,286.14	87.76
360 trading days	18 November 1011 - 9 May 2013	<u>1.97</u>	952.35	1,878.19	148.45

Source : SETSMART

The Market Price Approach resulted in the share value of Baht 1.97-3.06.

During the last 360 trading days retroactive to May 4, 2011, the highest closing price of the company was Baht 3.32 per share and the lowest price was Baht 1.26 with details below:

Figure shows closing prices over the last 360 trading days



Source : SETSMART

4.3.5 Discounted Cash Flow Approach : DCF

The DCF Approach reflects the company's ability to generate income in the future by discounting the net the projected net cash flow by the appropriate discount rate. The IFA had derived the Cost of Equity (Ke) to be used as the discount rate in the calculating of the Free Cash Flow to Equity. The 5-year financial projection during 2013-2017 was prepared based on an on-going concern assumption and the assumption that there were non material

adverse change from the present and taking into account the current economic condition and conservative basis. The net present value was calculated as of May 9, 2013 which was the day before the Board of Directors' meeting to approve the transaction.

Key assumptions applied in the preparation of the financial projection of the company can be summarized as follows:

1. Movie production / M39 Co., Ltd.

1.1. Revenue from movie production

M39 Co., Ltd. is engaged in the business of movie production for box office and up-country agents including rights to distribute to TV, home entertainment such as VCD, DVD, and Blu-Ray) for distribution

5 major sources of revenue were from

- Revenue from movie production for box office
- Revenue from sales of distribution rights to up-country agents
- Revenue from granting of rights for home entertainment media such as VCD, and Blu-Ray for distribution
- Revenue from right to broadcast movie in TV (Free TV, Cable TV)
- Sponsor and advertising revenue

A 5-year projection for the period 2013-2017 is assumed to grow at the rate of 5% per annum

Unit : Baht Million	2011	2012	2013F	2014F	2015F	2016F	2017F
Revenue from movie production and distribution via various media	221.77	223.91	235.11	246.86	259.21	272.17	285.77
Growth Rate	---	0.96%	5.00%	5.00%	5.00%	5.00%	5.00%

1.2. Costs of Movie Production

The costs of producing movies consist of amortization of distribution rights (which consist of expenses related to the production and shooting movies and is booked as direct cost of movie showing, DVD, VCD, cable TV, and TV broadcasting in proportion to anticipated revenue from each distribution channel), cost of revenue sharing, and sponsor cost.

- Amortization cost of distribution rights is based on the historical 3-year average of movie production cost to total revenue ratio for each year in line with the amortization policy on distribution rights
- Revenue sharing is based on the revenue sharing contracts with each director and producer,

- Sponsor cost is based on the historical 3-year average of the cost of sponsor to sponsor revenue ratio for each year

Unit : Baht Million	2011	2012	2013F	2014F	2015F	2016F	2017F
Amortization cost of distribution rights	97.81	86.02	91.60	78.73	82.67	86.80	91.14
Revenue sharing	15.35	11.08	11.88	16.76	18.39	20.11	21.91
Sponsor cost	4.62	6.19	4.64	4.87	5.11	5.37	5.63
Total Costs	117.78	103.29	108.12	100.36	106.17	112.27	118.68

1.3. Selling and Administrative Expenses

The IFA applied the following assumptions for selling and administrative expenses:

- Personnel expenses are based on actual expenses incurred in 2012 which are projected to increase at the rate of 5% per annum in accordance with the company policy
- Selling and marketing expenses are based on the historical 3-year average of marketing cost per movie
- General administrative expenses are based on the actual expenses incurred in 2012 and are projected to grow in line with the historical 10-year average of inflation rate of 3.21% per year throughout the projection period.

1.4. Depreciation Expenses

The IFA depreciated the assets according to the company policy and projected the annual capital expenditures on fixed and intangible assets to be the same as the amount spent in 2012.

1.5. Interest Expenses

Interest expenses are based on the interest rate indicated in the loan agreements of each financial institution and intercompany policy.

1.6. Corporate Income Tax

The IFA applied the corporate income tax rates stipulated in the Royal Decree No. 530 that for the year 2013-2014, the rate is at 20% and back to 30% from 2015 onward.

1.7. Investment cost

Investment in distribution rights is based on policy on purchasing distribution rights as mentions in the movie productin costs section.

1.8. Trade Policy

The collection period, sales terms, and accounts payable days are based on various agreements and the information received from the management

2. The business of selling distribution rights and movie production/ M Pictures Co., Ltd. (MP)

2.1. Revenue from selling of distribution rights and movie production

M Pictures Co., Ltd. is engaged in the sourcing and purchasing of Thai and foreign movies from Asia, Europe, and America. In order to continuously supply enough movies to the cinemas in order to show continuously over a 52-week period per year, MP will have to purchase from independence producers or foreign producers for showing in cinemas, TV, home theatres. Furthermore, in 2013 MP has a plan to expand business to more Thai movie production which results in 2 core businesses, namely:

- 1) Movie distribution and manage copyrights consists of
 - Revenue from distribution rights for cinema showing and sale of distribution rights in up-country
 - Revenue from providing distribution rights to home entertainment media such as VCD, DVD and Blu-ray.
 - Revenue from selling rights to show the movie via TV channels.
- 2) The movie production and distribution rights management consists of
 - Revenue from selling distribution rights to show in cinemas and selling of distribution rights to up-country agents and provide rights to broadcast movies via various channels such as Home Entertainment, Free TV, Cable TV, etc.
 - Sponsor Revenue

MP projected the revenue from movie production during 2013-2017. Over the next 5 years the business is expected to grow from purchase and management of distribution rights, and from movie production which started in 2012/

Unit : Baht Million	2011	2012	2013F	2014F	2015F	2016F	2017F
Sales and management of distribution rights	240.24	242.89	300.00	315.00	330.75	347.29	364.65
Movie production and distribution rights managements	-	-	100.00	200.00	210.00	220.50	231.53
Total Revenue	240.24	242.89	400.00	515.00	540.75	567.79	596.18

2.2. Cost of Goods Sold

MP's costs of goods sold consists of cost of purchasing distribution rights for management consist of amortization of distribution rights, production cost, advertisement and public relations, and for the inhouse produced movies, the cost consists of amortization of distribution cost, revenue sharing, and sponsor cost. The IFA made the following assumptions:

- Amortization cost of distribution rights is recorded at cost plus direct cost relating to the purchase for the movies under management. The cost is based on 2-year historical average of cost of distribution rights to revenue ratio. As for the distribution rights of movie produced in-house, the cost is based on the movie production cost of M39 Co., Ltd. Which is a member of MPIC group which is in similar business and is amortized according to the company amortization policy.
- Cost of movie production for the movies purchased include film production cost, subtitle and dubbing cost. The cost is projected based on the historical 2-year average of production cost to revenue ratio
- Advertisement and public relation cost is based on the historical 2-year average of the production cost to revenue ratio
- Revenue sharing on distribution rights of the in-house movies is based on the information from M39 Co., Ltd. Which is a member of MPIC group and is engaged in similar business
- Sponsor cost for in-house movies is based on the information provided by M39 Co., Ltd. Which is a member of the MPIC group which is engaged in similar business.

Unit : Baht Million	2011	2012	2013F	2014F	2015F	2016F	2017F
Amortization cost of distribution rights	105.62	130.74	145.16	196.44	211.61	222.19	233.30
Production cost of movie purchased	54.11	79.90	90.74	95.28	100.04	105.05	110.30
Advertisement and PR cost	24.48	19.97	48.02	50.42	52.95	55.59	58.37
Revenue sharing	N/A	N/A	6.57	12.48	13.11	13.76	14.45
Sponsor cost	N/A	N/A	1.92	3.84	4.03	4.23	4.44
Total Costs	184.21	230.61	292.42	358.47	381.74	400.83	420.87

2.3. Selling and Administrative Expenses

With regards to the selling and administrative expenses, the IFA made the following assumptions:

- Personnel expenses are based on the actual expenses incurred in 2012 and are projected to grow at the rate of 5% per annum in line with the company policy
- Selling and marketing expenses are based on the historical 3-year average ratio of movies purchased for management and selling and marketing expenses. As for the in-house produced movies, the expenses are based on the information from M39 Co., Ltd. Which is a member of the MPIC group which is engaged in similar business
- General administrative expenses are based on the actual expenses incurred in 2012 and are projected to grow at the historical 10-year average inflation rate of 3.21% per annum throughout the projection period

2.4. Depreciation Expenses

The IFA adopts the company policy in determining the depreciation expenses and assumes that the capital expenditures on fixed assets and intangible assets for each year are equal to the actual amount incurred in 2012

2.5. Interest Expenses

The interest expenses are projected based on the interest rates indicated in the loan agreements of each financial institution and intercompany lending policy.

2.6. Corporate Income Tax

The IFA applied the corporate income tax rates stipulated in the Royal Decree No. 530 that for the year 2013-2014, the rate is at 20% and back to 30% from 2015 onward throughout the projection period.

2.7. Investment Cost

Investment in distribution rights is based on policy on purchasing distribution rights and cost of producing in-house movies as mentioned in the movie production costs section.

2.8. Trade Policy

The collection period, sales terms, and accounts payable days are based on various agreements and the information received from the management interview

3. The business of sourcing movies for sales of distribution rights and for production for sales in the home video market / MVD Co., Ltd. (MVD)

3.1. Revenue from sale of movies in the form of VCD, DVD, Blu ray

MVD is engaged in the business of distribution of movies in the home video market by sourcing and purchasing foreign movies, Thai movies for conversion into VCD, DVD / Blu-ray. In order to enable the movies to generate highest revenue from show in cinemas and form home entertainment media, the revenue can be describe below:

- Revenue from selling distribution rights for home entertainment
- Revenue from providing distribution rights to movie rental centers

For 2013, the iFA considered the 4-month actual revenue from sales and from rent of movies. The 4-month actual revenue from January – April in which the revenue from major movie houses were equal to the revenue from small movie houses. The IFA projects no growth rate due to the industrial trends whereby the consumers had several channels to view the movies. In addition, problems concerning widespread distribution of counterfeit products and violation of intellectual properties still exists.

Unit : Baht Million	2011	2012	2013F	2014F	2015F	2016F	2017F
Revenue from sale and rent of VCD/DVD/Blu-ray	695.35	625.47	300.00	300.00	300.00	300.00	300.00

3.2. Cost of Goods Sold

Cost of distribution rights are obtained by taking the average of the ratio of actual cost of distribution rights to revenue over the last 3 years and amortize in accordance to the company policy. As for the cost of distribution rights from major movie houses, it is in the form of royalty fees proportionate to sales revenue according to respective agreements with each movie house. The projection assumes the 3-year average ratio of cost of distribution rights to revenue and cost of producing VCD/DVD/Blu-ray based on average of actual production cost over the last 3 years.

Unit : Baht Million	2011	2012	2013F	2014F	2015F	2016F	2017F
Cost of distribution rights	217.61	311.01	137.57	98.76	77.43	77.43	77.43
Royalty	143.67	120.52	53.44	53.44	53.44	53.44	53.44
VCD/DVD/Blu-ray production cost	170.72	191.25	73.53	73.53	73.53	73.53	73.53
Total costs	532.00	622.78	264.54	225.73	204.39	204.39	204.39

Remark: 2013-2014 including amortization of outstanding distribution rights at the end of 2012

3.3. Selling and Administrative Expenses

The IFA projects the selling and administrative expenses as follows:

- Personnel expenses are based on actual expenses incurred in the first quarter of 2013 and are projected to increase at the rate of 5% per annum in accordance with the company's salary adjustment policy.
- Selling and marketing expenses are based on the ratio of actual expenses to revenue in the first quarter of 2013
- General administrative expenses are based on the actual expenses incurred in 2012 which are projected to increase at the historical 10-year average inflation rate of 3.21% per annum throughout the projection period.

3.4. Depreciation Expenses

The assets are depreciated according to the company's depreciation policy. New annual capital expenditures on fixed and intangible assets are projected to be the same as actual expenditures incurred in 2012

3.5. Interest Expenses

Interest expenses are based on the interest rates indicated in the loan agreements of respective financial institutions and inter-company lending policy.

3.6. Corporate Income Tax

The applicable corporate income tax rates are based on the Royal Decree No. 550 which states that the tax rate for the year 2013-2014 shall be 20% and from 2015 onward shall be 30%.throughout the projection period.

3.7. Investment Cost

Additional investment in distribution rights is based on the company purchasing policy and in-house movie production cost as mentioned in the cost of goods sold section.

3.8. Trade Policy

The collection period of accounts receivables, sales terms, and payment terms to the trade creditors are based on actual agreements and information obtained from the management interview.

4. Discount Rate Assumption

The discount rate used in the calculation of Net Present Value of Cash Flow is derived from the Cost of Equity (Ke) of the company in accordance with the debt to equity ratio structure over the 5-year period. The IFA applies such discount rate to calculate the Net Present Value of the Cash Flow based on the following formula:

$$K_e = \text{Cost of Equity}$$

$$\text{Cost of equity} = R_f + \beta (R_m - R_f)$$

Where

Risk free Rate (Rf) = The rate of return on 30-year government bond which was 4.17% per annum as of May 9, 2013 (Source: www.thaibma.or.th)

Beta (β) = The ratio of risk of investment in the company to the market risk which is based on the company's average of Beta values over 1 year during May 10, 2012-May 9, 2013 (Source: EfinanceThai) at 1.06.

Market Return (Rm) = The average return on investment in the Stock Exchange of Thailand Index retroactive from 1975-May 9, 2013 which was 14.82 per year (Source: Efinance Thai).

When substituting the values into the variables, we obtained the Ke of 15.46% per annum which will be used as the discount rate on the Free Cash Flow to Equity.

5. Assumptions on the Terminal Value

The cash flow after the 5-year projection period is projected based on various factors including the net cash flow to equity at the end of year 5, the growth rate of the annual cash flow, and the discount rate. The calculation formula is provided below:

$$\text{Terminal Value} = ((CF_5 \times (1 + G)) / (K_e - G))$$

Where

CF₅ = The free cash flow in year 5 (2017)

G = The growth rate of free cash flow on a going concern basis which is projected at 1% per annum which IFA consider on continuous growth on the nature of business

Ke = The rate of return on equity which is 15.46% per annum

Summary Table of Free Cash Flow to Equity (Consolidated Financial Projection)

Unit : Baht Million	2013F	2014F	2015F	2016F	2017F
Free Cash Flow to Equity	261.92	(32.67)	16.44	27.81	27.29
Terminal Value					190.62
Net Present Value of Free Cash Flow for the Projection Period	239.99	(25.92)	11.30	19.11	18.76
Net Present Value of Terminal Value	131.01				
Total Net Present Value (Baht Million)	394.25				
Add: Non-operating Assets	40.89				
Total Net Present Value (Baht Million)	435.14				
Total issued and paid-up shares (shares)	641,250,000				
Share value (Baht / Share)	0.68				

The Net Present Value of the Free Cash Flow to Equity based on the above calculation is Baht 435.14 million which results in the share value of MPIC of Baht 0.68 per share (rounded off from the calculated value of Baht 0.6786 per share)

Summary Table of MPIC Share Valuation

Valuation Method	MPIC Share Value (Baht / Share)
Book Value Approach	0.52
Price-to-Book Value Ratio Approach	2.51 – 3.96
Market Price Approach	1.97 – 3.06
Discounted Cash Flow Approach	0.68

Summary of Share Valuation in Determining Fair Value of Common Shares

The valuation of the common shares of M Channel, T1, and MPIC based on 5 generally accepted financial valuation approaches can be summarized as follows:

Summary Table of Share Valuation Methods and Fair Values

Valuation Method	Fair Value of Common Shares (Baht / Share)		
	M Channel	T1	MPIC
1. Book Value Approach	15.40	59.68	0.52
2. Adjusted Book Value Approach	-not applicable-	-not applicable-	-not applicable-
3. Market Comparable Approach			
3.1 Price-to-Book Value Ratio Approach	58.59 – 98.80	287.76 – 454.80	2.51 – 3.96
3.2 Price-to-Earning Ratio Approach	188.86 – 243.28	-not applicable-	-not applicable-
4. Market Price Approach	-not applicable-	-not applicable-	1.97 – 3.06
5. Discounted Cash Flow Approach	32.92	107.14	0.68

The IFA is of the opinion that the valuation methods applied above have the following strengths and weaknesses:

1. The Valuation based on Book Value Approach

This valuation based on this method applies the data from the financial statements at any one point in time. In this report, the IFA used the value of shareholders' equity based on the audited financial statements as of March 31, 2013. Such valuation method does not reflect the ability to perform and results in the future, the competitiveness of the business, economic and industry trends, or the fair value of certain assets which were booked at cost. Therefore the IFA deemed this approach to be inappropriate and does not reflect the true value of the business which will continue to operate as a going concern.

2. The Valuation Based on the Adjusted Book Value Approach

The share valuation based on this method applies the data from the financial statements at any one point in time. In this report, the IFA used the shareholders' equity showed in the audited financial statements as of March 31, 2013 and found that major fixed assets consisted of building improvements, office and equipment and decorations, and computer equipment which have been depreciated according to useful life. The companies did not arrange for such assets to be valued by an independent valuer and both companies had no significant transactions after the statement date. Nevertheless, valuation based on this method does not reflect the ability to perform and results in the future, the competitiveness of the business, economic and industry trends. As such, the IFA deemed this this approach to be inappropriate and does not reflect the true value of the business which will continue to operate as a going concern.

3. The Valuation Based on P/BV Approach and the P/E Approach

The share valuation based on the Market Comparable Approach with these 2 methods applies the average ratio of price to book value and the ratio of price to earning per share of the listed companies engaging in similar business to multiply the book value per share and the earning per share of the company respectively, in order to obtain the fair value of the company's share. The IFA is of the opinion that the P/BV Ratio and the Price to Earning Ratio which were obtained from the average ratio of the selected peer group, appropriately reflect the view of the investors in the SET on the value of the shares of the members in the business group given similarity in the type of services and major customers. Nevertheless, there are not many listed companies in similar business and proportion of revenue and ability to generate profit of the peer group are also different. Furthermore, M Channel and T1 are not listed companies and therefore have different size of business as compared to the peer group. The IFA is therefore of the opinion that such valuation methods are not appropriate and have not been chosen for this case.

4. The Valuation Based on Market Price Approach

The share valuation based on this approach refers to the pricing quotation of the shares traded on the SET which reflects the share value based on the demand and supply by the market investors. The investors take into account all the information disclosed to the public, expectation of future performance, ability to generate profit, competitiveness, information concerning the economic and industry conditions, including forecast of various situations which could affect the company's operation and share trading. As the shares of MPIC are actively traded on the SET with sizable daily trading volume and consistent turnover ratio, therefore the IFA is of the opinion that this valuation approach is appropriate and is chosen for the valuation of MPIC shares.

M Channel and T1 don't have market price because both company are not listed in The Stock Exchange of Thailand so IFA can't find the fair price of M Channel and T1 stocks.

5. The Valuation Based on the Discounted Cash Flow Approach

The valuation based on Discounted Cash Flow Approach involves preparation of the financial projection and derivation of the appropriate discount rate for the free cash flow. The financial projection is based on various business assumptions most of which rely on the historical operating statistics, information from the management interview, industry data and various references. Such information is subject to changes in the future. Many variables are difficult to forecast and are highly sensitive to external factors. Should there be any material deviation from the given assumptions, it could have significant impact on the share value as well.

MPIC is an investment holding company which involves high investments and gradually recognize the cash inflow from dividends and return on sale of future investments (if any). Throughout the projection period, some investee companies are still not able to make dividend payments to MPIC and the IFA do not assume that there will be any divestment during the projection period. Therefore the IFA is of the opinion that this valuation approach is neither appropriate nor a reflection of fair value of MPIC shares.

As far as M Channel and T1 are concerned, the 2 companies are engaged in entertainment business of which value depends on the ability to generate revenue and profitability from future business. The IFA is of the opinion that the valuation method for M Channel and T1 should take into account the future cash flow stream of the business operation. Hence, the Discounted Cash Flow Approach is deemed appropriate.

5. Conclusion of IFA's Opinion Regarding the Asset Acquisition and the Connected Transactions

From the information provided and the reasoning above, the IFA is of the opinion that the asset acquisition and the connected transaction as a result of the purchase of 4,000,000 shares of Major Kantana Broadcasting Co., Ltd. (M Channel) (par 10) or 100% of M Channel, and the purchase of 320,000 shares of Talent One Co., Ltd. (T1) (par 100) or 80% of T1, by share swap method is deemed appropriate and beneficial to the Company as such acquisition would increase the ability to compete and profit potential of the Company and the group. In this regard, M Channel will be generate revenue from advertisement via Cable TV and T1 will be another unit to produce movies and manage distribution rights for the in-house production. Such combination will serve to optimize the efficiency

and effectiveness of the Company and the group members in movie distribution from the upstream to the downstream and increase the competitive potential and profitability of the Company in the future and give rise to attractive return to shareholders of the Company in the long-run.

By entering into this transaction, the shareholders will be affected by the control dilution and will be exposed to the risk of future impairment of investment assets as well as recognition of increase in liabilities on the consolidated financial statements in the future. Nevertheless, the acquisition of M Channel and T1 would benefit the Company and the shareholders in the long run as aforementioned. Besides, the IFA is of the opinion that the the selling price of M Channel and T1 at Baht 2.71 per share and the swap ratio of M Channel is appropriate. As a matter of fact the swap ratio of 5.30 new shares per 1 share of M Channel is equivalent to the acquisition cost of Baht 14.38 per share compared to the IFA's valuation of Baht 32.92 per share based on the Discounted Cash Flow Approach, which is higher than the acquisition cost. By the same token, the swap ratio of T1 at 22 new shares of the Company to 1 share of T1 is equivalent to the acquisition cost of Baht 59.70 per share as compared to the IFA's valuation of Baht 107 per share based on the Discounted Cash Flow Approach, which is also higher than the acquisition cost of the said shares. The shareholders of MPIC will therefore stand to benefit from the share acquisition of the 2 companies. For this reason, the IFA is of the opinion that the shareholders should approve the share acquisition and the connected transaction.

Nevertheless, the decision to approve or decline the proposed transaction rests primarily with the shareholders. The shareholders could consider the reasoning and the opinion of the IFA which is based on the assumption that the information and document received as well as the interviews of the management and related parties are true, complete and accurate. The IFA considers that the assumptions used in the preparation of the financial projection are reasonable and are based on the economic condition and data available during the study period only and that any material changes in such factors may affect the IFA's opinion.

The IFA hereby certifies that the study and information analysis has been conducted with prudence under the professional standards with proper justification based on the available information and primarily for the interest of the shareholders.

Truly yours

Independent Financial Advisor

Asset Pro Management Company Limited

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(Mr. Somsak Sirichainarumitr)

Supervisor

SOMPHOB SAKPUNPANOM
(Mr. Somphop Sakpunpanom)

Chief Executive Officer

(Company Seal)