



M PICTURES

ANNUAL REPORT 2011

M Pictures Entertainment
Public Company Limited



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Message from Chairman of the Board



Dear Shareholders

The past 2011, M. Pictures Entertainment Public Co., Ltd. has continuously grown especially company's profit. Even though, there was the natural disaster many areas in Thailand as well as Bangkok. The situation made revenue of the company decrease 7% comparing the year earlier but it did not affect our profit because of the strong continuously business strategy which satisfied the customers. As of December 31, 2011, total revenues were recorded at Baht 1,056.59 million, and total profit was Baht 61.13 million or increasing 41% from the year end 2010.

During 4th quarter of 2011, the difficulty of the natural disaster in Thailand hurt many businesses. Since the Company has a good management policy, our operation could run smoothly. Other than that, the company also strives for the business opportunity which will enable M Picture Entertainment Plc. to meet the requirements of the consumers in full scale and ready to lead the Company to accomplishment in upcoming year.

Board of directors and I would like to take this opportunity to express our appreciation to you all; the shareholders, the investors, business alliance and supporters, and thanks to all the executives and employees behind the success for cooperation and hearts in performing your duties with responsibilities bringing about the success smoothly in all respects.

Best regards,

Tirachai Vutithum
Chairman of the Board

Board of Directors



Mr. Tirachai Vutithum

Chairman of the Board

Age : 62

Shareholding : 0 %

Relationship with Management : No

Education :

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

Training Program :

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

Experiences :

- Present
- Chairman of the Board, M Pictures Entertainment Plc.
- Secretary of the minister, Ministry of Justice.
- Member of the House of Representative.
- Military Commissioner.
- Adviser to Executive Committee, Royal Thai Army Radio & Television.
- Honour Academic Committee Member, Ramkumhaeng University.
- Honour Academic Committee Member, Rattana Bandit University.
- Plan and Development Vice President, Rattana Bandit University.
- Honour Academic Committee Member, Chiangrai College.
- President, Thai Male Soccer Player Foundation of Thailand.
- Adviser to Governor of Bangkok [Mr.Apirak Kosayothin].
- Member of The National Legislative Assembly of Thailand.
- Adviser to Vice Minister, the Ministry of Interior.
- Adviser to Chairman of the Board of Directors, The Airport of Thailand Plc.
- Executive Committee, Aeronautical Radio of Thailand Ltd.
- Deputy Bangkok Governor.
- Adviser to Deputy Prime Minister.
- Adviser to Chairman of Senate.
- Adviser to the Thai Sport Committee.
- Committee of Thai Sport Committee.
- President, Bangkok Sport Association.
- Representative, Thai Soccer Foundation.
- Representative, Thai Rugby Foundation.
- Executive, Thai Airway International Plc.
- Vice Executive, Thailand University Games.
- Welcome Chairman, 24th World University Game
- The Tour and Sports Commission.
- Subcommittee Chairman, Rajpruek Club.



Mr. Vicha Poolvaraluck

Vice Chairman of the Board

Age : 48

Shareholding : 0 %

Relationship with Management : No

Education :

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

Training Program :

- Directors Certification Program [DCP] Class 29/2003, Thai Institute of Director [IOD].

Experiences :

- 2008 – Present : Vice Chairman of the Board of Director, M Pictures Entertainment Plc.
- 1995 – Present : Chairman of Executive Committee, Major Cineplex Group Plc.
- 2003 – Present : Director, Siam Future Development Plc.
- Present : Director, Member Activities, Chulalongkorn University.
- : Alumni Association MAI Advisory Committee Market of Alternative Investment (MAI).
- 2003 – 2011 : Director, California WOW Xperience Plc.

Board of Directors



Mr. Padet Hongfa

Director, Chief Executive Director

Age : 66

Shareholding : 1.19%

Relationship with Management : Chief of Management Team

Education :

- Bachelor Degree of Finance and Banking,
Pitman College, London England.

Training Program :

- Directors Certification Program [DCP] Class 30/2003,
Thai Institute of Director [IOD].
- The Professional Managing Director Program (TMA).
- Top Management Class 12/2011, Capital Market Academy.

Experiences :

- 2008 – Present : Director, Chief Executive Officer,
M Pictures Entertainment Plc.
- 1979 – 2006 : Vice Chief Executive Director,
Managing Director,
CVD Entertainment Plc.
- 1977 – 1979 : The East Asiatic (Thailand) Pte.Ltd.
- 1970 – 1979 : Charter Bank, Thailand.
- 1968 – 1970 : Charter Bank, London, England.



Mr. Virat Udomsinwattana

Director

Age : 49

Shareholding : 2.23 %

Relationship with Management : No

Education :

- Master Degree in Business Administration of Commerce
and Accounting, Chulalongkorn University.
- Bachelor Degree in Engineering (Power Engineering)
Chiang Mai University.

Training Program :

- Directors Certification Program [DCP] Class 149/2011,
Thai Institute of Director [IOD].

Experiences :

- Present : Director,
M Pictures Entertainment Plc.
- 2011 – Present : Secretary of Committee on Labour
and Social Welfare Group.
- 2009 – Present : Representative, Thai Stainless
Development Association (TSSDA).

Board of Directors



Mr. Suthep Dansiriviroj

Independent Director/Chairman of Audit Committee

Age : 64

Shareholding : 0 %

Relationship with Management : No

Education :

- Bachelor Degree in Accounting Thammasat University.

Training Program :

- Directors Accreditation Program (DAP) 32/2005, Thai Institute of Director [IOD].
- Directors Certification Program (DCP) 60/2006, Thai Institute of Director [IOD].

Experiences :

- Present : Independent Director / Chairman Audit Committee, M Pictures Entertainment Plc.
- 2004 - Present : Chief Financial Officer, Inter Far East Engineering Plc.



Mr. Arun Eamsureya

Independent Director/Audit Committee

Age : 51

Shareholding : 0 %

Relationship with Management : No

Education :

- M.B.A. Newhamshier College, USA.
- Bachelor Degree in Economic, Thammasat University.

Training Program :

- Directors Certification Program [DCP] Class 107/2008, Thai Institute of Director [IOD].
- Top Management Class 7/2008, Capital Market Academy.

Experiences :

- Present : Independent Director/ Audit Committee, M Pictures Entertainment Plc.
- 2002 - Present : Chief Executive Officer, Shanghai Food Co., Ltd.
- 1995 - Present : Vice President, A.E.H. Co., Ltd.
- 1994 - 2004 : Vice President, A.S.A. Real Estate Co., Ltd.
- 1991 - 1995 : Executive Committee, Better Living Properties Co., Ltd.
- 1987 - 1990 : Marketing Director Altex Co., Ltd.

Board of Directors



Mr. Montree Sotangkul

Independent Director/Audit Committee

Age : 50

Shareholding : 0 %

Relationship with Management : No

Education :

- M.B.A., Northop University, Los Angeles, California, U.S.A.
- Bachelor Degree in Commerce and Accounting, Chulalongkorn University.
- Chulalongkorn Demonstration School.

Training Program :

- Top Management Class 9, Capital Market Academy.

Experiences :

- Present : Independent Director / Audit Committee, M Pictures Entertainment Plc.
- 2011 - Present : Director, PTT Plc.
- : Director, CAT telecom.
- 2002 - Present : Director, Media Shaker Co., Ltd.
- 1992 - Present : Management Director, Prestige Direct Marketing Co.,Ltd.
- 2008 - 2011 : Executive Committee, Provincial Waterworks Authority.
- : Executive Committee, National Housing Authority.
- 2008 - 2010 : Executive Committee, Office National of Innovation.
- 2008 - 2009 : Executive Committee, Office of Geo-Informatics and Space Technology Development Agency (Public Organization)-GISTDA.
- 2006 - 2008 : Consultant, Office of Small and Medium Enterprise.
- : Executive Committee, SMEs Trade Promotion Co.,Ltd.
- 2000 - 2002 : Executive Director, Thailand Direct Market Association.



Mr. Rujipant Chuenchitr

Director/Chief Financial Officer/Company Secretary

Age : 49

Shareholding : 0 %

Relationship with Management : No

Education :

- Master of Business Administration, Mahanakorn University of Technology.
- Bachelor of Commerce and Accountancy, Bangkok University.

Training Program :

- Directors Certification Program [DCP] Class 149/2011, Thai Institute of Director [IOD].

Experiences :

- 2010 - Present : Chief Financial Officer / Director / Company Secretary M Pictures Entertainment Plc.

Board of Directors



Mr. Anont Asavanund

Director

Age : 60

Shareholding : 0 %

Relationship with Management : No

Education :

- Master of Business Administration, Fairleigh Dickinson University, New Jersey, USA.
- Bachelor of Engineering, Chulalongkorn University.

Training Program :

- Directors Certification Program [DCP] 2008, Thai Institute of Director [IOD].

Experiences :

- Present : Director, M Pictures Entertainment Plc.
- 2007 - 2008 : Director, Traffic Corner Holdings Plc.
- 2006 - 2008 : Chief Executive Officer, M Pictures Co.,Ltd.
- 1981 - 2006 : President, Major Cine Pictures Co.,Ltd.



Mr. Chate Mungkhalodom

Director

Age : 54

Education Background :

- BA Business Administration California State Polytechnic University, Pomana.
- Certificate in Computer Programming, Woodbury University
- BA - Accounting Ramkhamhaeng University.

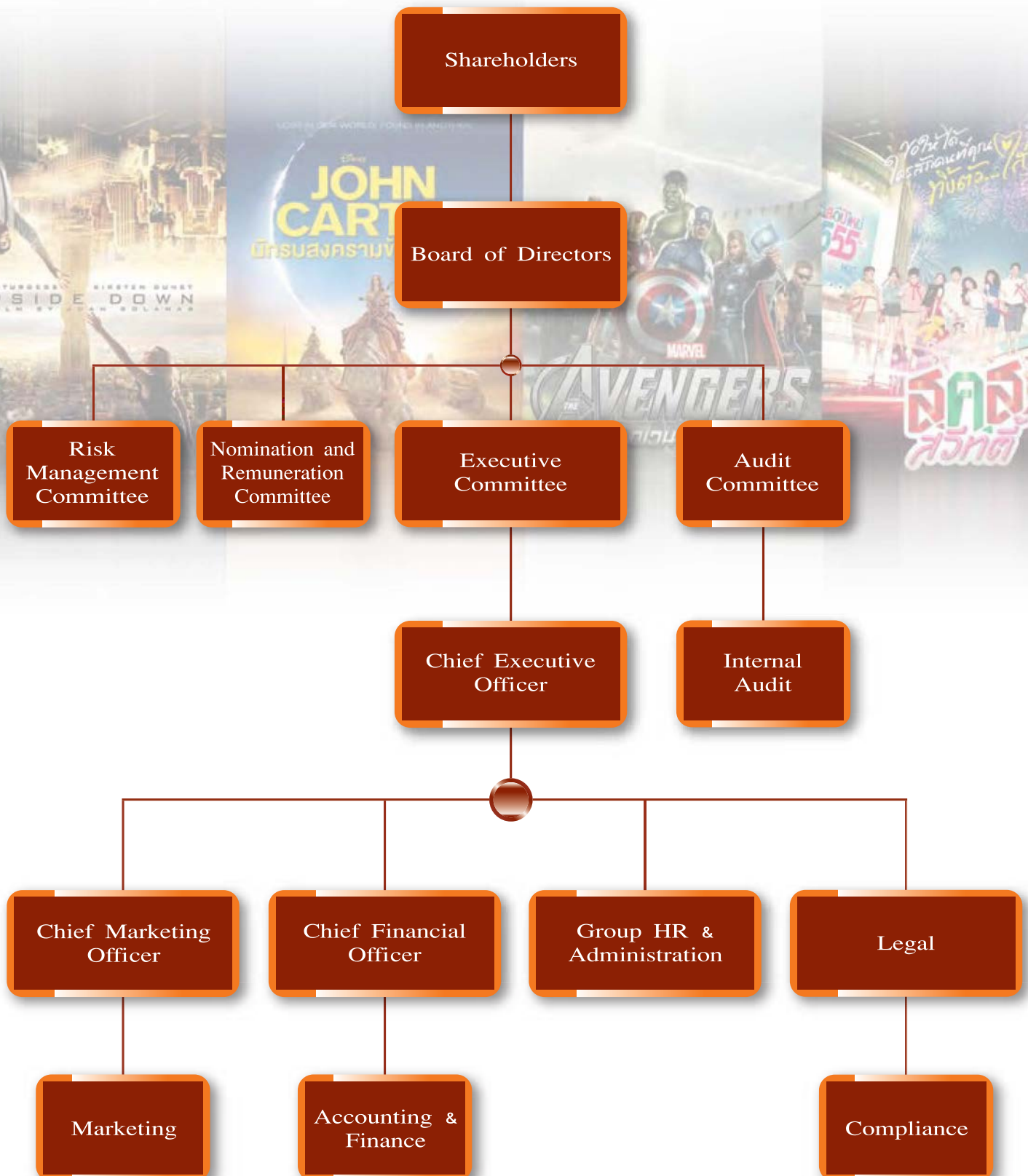
Training Program :

- Directors Certification Program (DCP) Class 147/2011 Thai Stitute of Director (IOD).
- Role of the Compensation Committee Program (RCP) 13/2011.

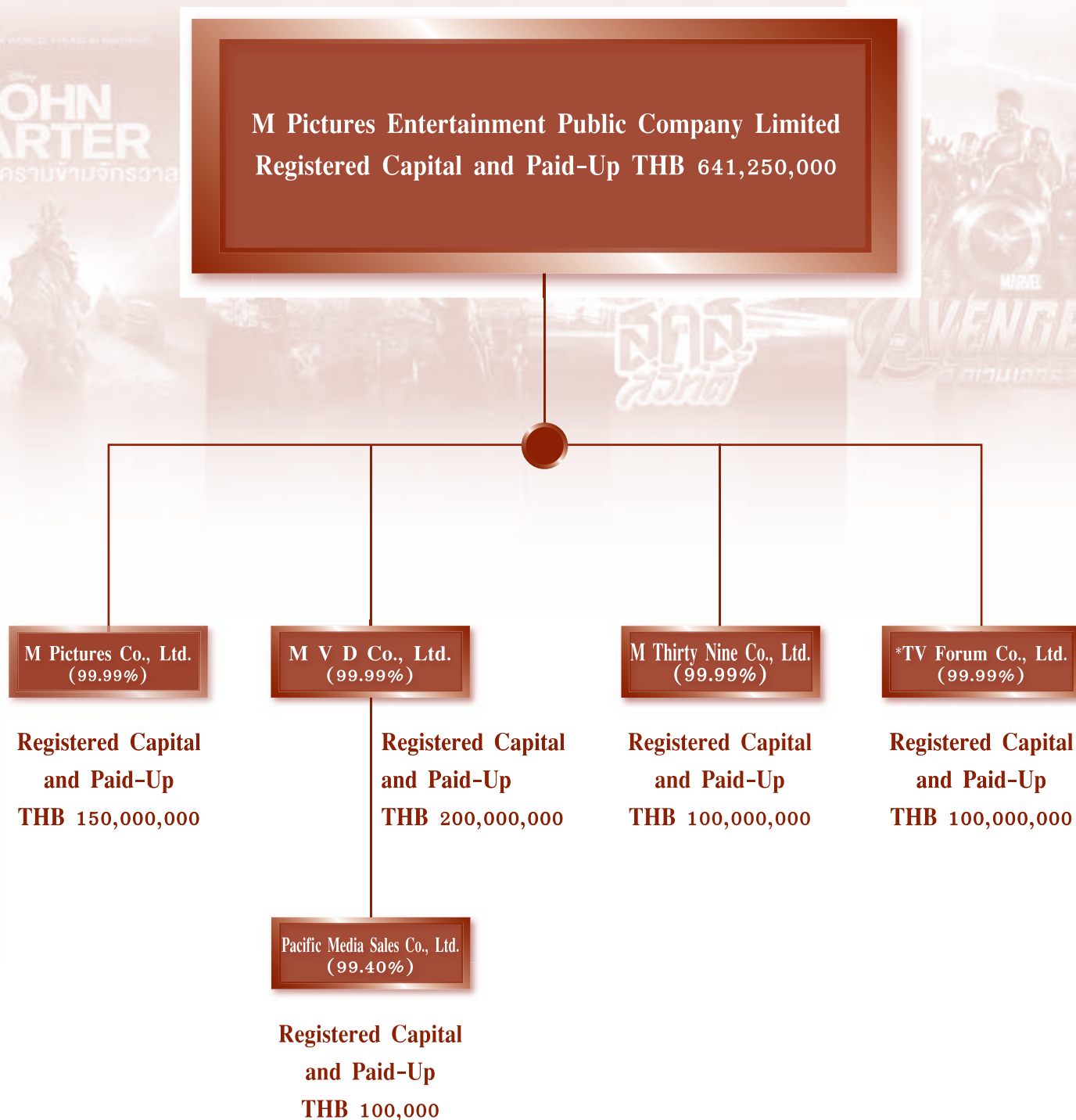
Working Experience :

- Present : Director, M Pictures Entertainment Plc.
- 2009 - Present : Chief Media Sales, Major Cineplex Group Plc.
- 2003 - 2008 : Managing Director Virgin BEC-TERO Radio (Thailand) Ltd., Bangkok.
- 1998 - 2003 : Financial Collector, Warner Music (Thailand) Co.,Ltd.

Organization Chart As of December 31, 2011



Shareholding Structure As of December 31, 2011



* TV Forum has already ceased temporarily its operation

Profiles of Company and Subsidiaries

M Pictures Entertainment Plc. [MPIC]

Nature of Business	Invests in subsidiaries in entertainment media business and also invests in through subsidiaries.
Company Registration	No. 0107544000124
Head Office Location	234 Suzuki Avenue Building (Rachayothin) 13th Floor, Ratchayothin Road, Ladyao, Jatuchak, Bangkok
Website	www.mpictures.co.th/mpic/investors
Telephone	02-5120300
Facsimile	02-5120301, 02-5120302
Authorized capital	Common Share 641,250,000 Shares

M Pictures.Co.Ltd.[MP]

Nature of Business	Provides and distributes film copyrights which engaged in film business by being the importer copyrights of International films especially from the important international film festivals, Asian independent film studios for feeding Cinemas and license to other person manufacture home entertainment medias.
Head Office Location	234 Suzuki Avenue Building (Rachayothin) 13th Floor, Ratchayothin Road, Ladyao, Jatuchak, Bangkok
Website	www.mpictures.co.th
Telephone	02-5120300
Facsimile	02-5120301, 02-5120302
Authorized capital	Common Share 1,500,000 Shares

M V D Co.,Ltd.[MVD]

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

M Thirty Nine Co.,Ltd.[M39]

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

Pacific Media Sales Co.,Ltd.[PMSL]

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

TV Forum Co.,Ltd. [TVF]*

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

* TV Forum has already ceased temporarily its operation.

References**Share Registrar****Office Location****Telephone****Facsimile**

Thailand Securities Depository Co., Ltd.

62, Ratchadaphisek Road, Khlong Toei Sub-district, Khlong Toei District,
Bangkok.

02-229-2800

02-359-1262-3

Financial Auditor**Office Location****Telephone****Facsimile**

PricewaterhouseCoopers ABAS Limited.

15th Floor Bangkok City Tower 179/74-80 South Sathorn Road Bangkok 10120

02-670-9002-6

02-670-9027-8

Background and Development

M Pictures Entertainment Plc. (Previous name) Traffic Corner Holdings Public Company Limited (“the Company”) was established on November 5, 2001 with an initial registered capital of Baht 15 million. The objective of the Company is to invest in mass media companies, especially marketing management of sports events and news programs on radio and television. Afterward, the Company have merged with M Pictures Co.,Ltd. in order to extend the business to film entertainment business by providing Cinemas, DVD-VCD-Blu-Ray manufacturers, Free TV, Cable TV, Pay TV, and Pay Digital TV film copyrights. Moreover, the company invests Thai film production through the Company’s subsidiaries. As of December 31, 2010, there is THB 641,250,000 of registered and paid-up capital.

The company made investment in the business relating to information technology, in entertainment media through Cinemas, television, radio, and special activities through subsidiaries as follows;

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

In 2008 the Company has invested in M Pictures Co.,Ltd. [MP] which engaged in film business by being the importer of copyrights of International films especially from various sources such as important international film festivals, Asian independent film studios for feeding Cinemas.

In 2009 the Company invested in M V D Co.,Ltd. [MVD] [previous name is Pacific Marketing and Entertainment group Co.,Ltd.] which engages in film business by providing Thai and international film copyrights to manufacture home entertainment media. Resulted from investing in MVD, the Company becomes a major shareholders and parent company of M Thirty Nine Co., Ltd. [M39] and Pacific Media Sales Co.,Ltd. which was MVD’s subsidiaries.

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

In 2011, the Company has expanded channels of film rights distribution in digital media such as IPTV and internet channels.

Presently, the Company has investment in 5 subsidiaries as below ;

- M Pictures Co.,Ltd. [Invested in February 2008]
- M V D Co.,Ltd. [Invested in July 2009]
- M Thirty Nine Co., Ltd. [Invested in March 2010]*
- Pacific Media Sales Co., Ltd.**
- TV Forum Co., Ltd. [Invested in Year 1995]***

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

** MVD's subsidiaries.

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

Changes in the Previous Year

In 2011, the Group became an operator of full-fledged movie business, ranging from importing of movie rights and production of Thai movies for theatrical releases to distribution of movies on VCD, DVD and Blue Ray. This comprehensive range of business helps to enhance the Group's management efficiency and boost its revenues and performance. It moreover helps to expand the Group's revenue sources, as seen from an additional income source from support sponsors and advertising. That makes our profit and performance continually grown-up 2 years.

Additionally, Thai movies have today won greater popularity among moviegoers and been promoted by different agencies. As such, the moviemaking business operated by M39 has a promising growth potential. It plans to produce Thai movies for theatrical releases throughout the year. In 2011, a number of movies produced by M39 were shown in cinemas, thereby creating name recognition of M39 among viewers. Its successful movies released in 2011 and gaining tremendous popularity were 'Fabulous 30' and 'Bangkok Sweetie'.

In the last quarter of 2011, the big natural disaster occurred in many provinces of Thailand including Bangkok. The damage seriously affected consumer's behavior and company's operation. However, the Company operates a core business in entertainment which is one of the alternatives that consumers can choose to relieve their tension at an affordable price. At the same time, the Company has selected quality movies for showing in cinemas and its home entertainment products are affordable and suited with consumers' need for home entertainment during that time to avoid the unpleasant situation outside. As a result, the Group's products and services could well respond to consumers' demand at that moment and its business was mildly affected accordingly.

Nature of Business

M Pictures Entertainment Plc.

M Pictures Entertainment Plc. invests in companies engaged in the media movie business, provides ,and buys Thai & International films copyrights for feeding cinemas, provides rights to Free TV, Cable TV, Pay TV ,and Digital Media. In addition, the Company invests in Thai Film Production and Home entertainment business in form of DVD-VCD and Blu-Ray. Because of our business channels, our profit in 2011 has increased.

Products/Services

No.	Company	Categories of Products and Services	Channels	Remarks
1.	M Pictures Entertainment Plc.	Engages business of providing and buying Asian & International film copyrights and invests in home entertainment media business and Thai films Production.	Through subsidiaries	-
2.	M Pictures Co.,Ltd.	Provides and buys Asian & International films copyrights from Asian, Europe and America studios	Cinemas, Free TV, Cable TV, Pay TV, Home Entertainment Media	-
3.	M V D Co.,Ltd.	Provides and buys Thai and international film copyrights for home entertainment media	Home entertainment medias as DVD, VCD, Blu-Ray	-
4.	M Thirty Nine Co.,Ltd.	Thai Films Production	Cinemas, Free TV, Cable TV, Pay TV, Home Entertainment Media	-
5.	Pacific Media Sales Co.,Ltd.	Distributes and rent out service of Movie VCD, Series, Varieties, Songs, and Games	Through agents and VDO rentals	-

No.	Company	Categories of Products and Services	Channels	Remarks
6.	TV Forum Co.,Ltd.	Engages in the marketing management services, as well as advertising media business, by providing rental of program production equipment, as well as acts as agent for the sale of advertising media.	-	Already ceased temporarily its operation

Marketing and Competitive Condition

Marketing Policy and Making Strategy

Marketing Strategies

- **Strategy on movie quality**

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

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

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

- **Strategy on consumers' preference**

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

Group of Target

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

Competitive Potential

The Group is operating a comprehensive range of movie business, consisting of a foreign film rights importing and distributing business, a Thai moviemaking business, and a home-entertainment business, producing movies on VCD, DVD and Blue Ray. It also is a subsidiary of Major Cineplex Group Plc., Thailand's leading cinema operator with theater locations all over the country. This strength enables the Company to grow strongly and in pace with other players and gives it an opportunity to efficiently manage group businesses and internal resources for an optimum benefit. With intra-group support services such as advertising media, theater network, etc., the Company is capable of better responding to consumers' demand, as well as continuously expanding its customer base, while the Group's movie media could increasingly draw consumer interest.

The Group has additionally developed and introduced the digital media, which could attract new consumer segments, hence enabling it to tap a new target market. Moreover, the Group also distributed movie rights to international market such as Philippines, Indonesia, and Hong Kong.

Providing of Products and Services

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

M Pictures Co.,Ltd.

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

Products/Services

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

Marketing Strategies

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

Show in theaters

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

Marketing Planning

The Company plans to promote and advertise the Company's films which will present in Cinemas.

Permit rights on remuneration basis [Home entertainment Business]

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

Permit rights on remuneration basis [Pay TV broadcast business]

The Company permits film copyrights to Pay TV, and Pay Digital Cable TV, the big and popular channel "TRUE Vision, M Channels"

Permit rights on remuneration basis [Free TV broadcast business]

The Company permits film copyrights to Free TV and Free Cable TV such as Channel 3, Channel 5, Channel 7, MCOT, and TPBS, etc.

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

Competitive Potential

The past year witnessed the unfavorable natural disaster, particularly the flood in Bangkok which had hurt some operators. However, M Pictures Co., Ltd., an importer of foreign movie copyrights, has had a strong capital base. Besides, competition in this business is not tough because there are a small number of players and each of them captures a distinct share of market. In view of these factors, together with the fact that the Company has several and definite marketing channels, there is no concern about competition with other peers.

Customer

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

M V D Co.,Ltd.

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

Products/Services

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

Marketing Strategies

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

Competitive Potential

The past year witnessed the unfavorable natural disaster, particularly the flood in Bangkok which had hurt our operations but it did not much affect the revenue because MVD is currently the country's top ranking home entertainment operator since it has a network of product and service distribution channels and service centers in all parts of the country. Strength lies in its ability to procure quality films that could entice consumers away from its peers. As such, the Company has equal or greater competitive edge over other players.

M Thirty Nine Co.,Ltd.

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

Products/Services

M Thirty Nine Co., Ltd. has engaged in Thai movie production business. It targets to produce around 4-5 quality films a year for theatrical releases, with different contents. Its successful 2011 movie releases included 'Fabulous 30' and 'Bangkok Sweetie' which were shown around the end of the year and received overwhelming response from moviegoers.

Marketing Strategies

Consumers have become more selective about the movies of their preference and paid greater attention to and advocacy of Thai movies. This is evident from the success of several Thai films in the recent period, albeit the big flood situation, which, however, has had only a slight impact on the entertainment business because it is a means of easing tension for the public. The Company has devised marketing and advertising strategies with proper timing for releasing its movies to best match consumers' taste, resulting in a success in a number of its movies.

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

Competitive Potential

There are a growing number of Thai movie producers, some of whom are successful and some are not. M Thirty Nine Co., Ltd. has just entered this industry and must therefore

operate the business with a strong determination and best effort in order to remain competitive with other players. In the past year, some Thai movies were successful, while some failed. The success factors hinge not only on the producers themselves but also on the consumers' personal taste. The Company's two successful films, 'Fabulous 30' and 'Bangkok Sweetie' bear testimony to its ability to well respond to consumers' demand. Moreover, the strength of its group members which engage in movie theater business and home entertainment business will also help to enhance the Company's competitive potential in this industry.

Pacific Media Sales Co.,Ltd.

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

Products/Services

Distribute remained stock of CD, VCD, DVD.

Marketing Strategy

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

Competitive Potential

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

TV Forum Co.,Ltd.

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

Future Projects

The Group is an operator of full-fledged movie business, ranging from importing of movie rights and production of Thai movies for theatrical releases to distribution of movies on VCD, DVD and Blue Ray. Therefore, the company can distribute and broadcast movies rights in variety channels. In addition, the performance of the Group has trended excellently. It showed the company planned and developed business strategy in the right way in the past 4 years.

The Company plans to add value to its existing properties and develop quality of Thai movies through partnership with strategic alliances in managing the movie rights for the optimum value and benefit. It also sets measures for business operation to gain a stronger foothold and has increased the distribution and releasing channels for its copyrighted films through media such as digital, advertising, etc. With its comprehensive range of movie business, the Group is seeking to acquire additional sponsorship and advertising income sources with a view to increasing the corporate value, boosting performance and mitigating risk of loss.

The Company aspires to become a market leader in both Thai and international movie segments and plans to present Thai movies on international stage within year 2012.

Risk Factors

Risk Regarding Operation Results Depending on the Film Market Industry

The Company carries on the business of producing Thai films and procuring both Thai and foreign film licenses, especially films licenses from major outfits in Hollywood and from independent outfits, so as to manage them for revenues to be generated for the Company, the production of Thai films and the procurement of copyrights in foreign films are deemed to serve as a main source of revenues of the Company. It is, of course, difficult for the Company to avoid impacts from the Hollywood film trend. Consequently, there may be a risk in the event the film producers are not able to produce films that keep pace with and/or are of quality and/or correspond to the consumers' needs. The intervals to be affected are the 1st and 3rd quarters as a consequence of the temporary unavailability of Hollywood films, whereas in the 2nd and 4th quarters the Company is not much affected by the Hollywood trend because many of the Company's suppliers are major film outfits of Hollywood. However, the Company has mitigated the impact by procuring award-winning films, autumn films and/or films from independent outfits. In addition, the Group has now produced Thai films, with a plan for all-year shows, and prepared film media in the category of DVD, VCD and Blu-ray to increase the revenue channels of the Company and earn revenues in compensation in the intervals to be affected.

Even though, the problems that have occurred regarding natural disaster in many areas in Thailand has affected the business as a whole, since the main business of the Company is in the category of entertainment, which is an alternative of stress relaxation of consumers, and since the prices of film entertainment media are not high and the Company has aimed at selecting only quality films, these problems have produced little impacts on the Company's business.

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

Risk Regarding Consumers' Tastes

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

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

Risk Regarding Exchange Rates

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

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

Risk from Interest Rate

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

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

Risk from Business Competition

In an overall picture, the competition in the business of procuring and distributing films of the Company in the previous year of 2011 had not much effect on the Company because in Thailand there are a small number of operators of business in the same category and of the same size as those of the Company. But a significant factor that affects this business results from a change in the behavior of consumers who become more selective about movies to be viewed. This problem therefore requires that the Company adjust itself to accommodate this change in the consumers' behavior by procuring films and producing Thai films that respond more to the consumers' needs so as to keep the continuous growth of its revenues. In addition, since the Company has strong connections with a large company that is the biggest owner of theaters in Thailand, it has a channel to publish the films produced by the Group and those in which the copyrights have been purchased. This advantage is deemed a significant strong point of the Company when compared to its business competitors.

In the previous year of 2011, regarding the procurement of film copyrights and the production of Thai films by the Company, the films distributed by the Company became greatly successful because they could respond well to the consumers' needs. Moreover, the Company laid down its marketing strategies carefully and planned to expand its customer base by selecting films of greater quality and with more variety. In addition, the Company has added distributed channels for Thai Movies to abroad.

Risk from Copyright Infringements

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

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

Corporate Governance

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

1. Setting the Corporate Governance Policy

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

2. Rights and Equality of Shareholders

The Company recognizes the significance of shareholder's rights in accessing information on the Company, through its policy of providing clear information that is transparent, accurate, and fair. In this connection, the Company submits news and information on its performance results, investment in various projects, as well as company and groups transactions on a regular and timely basis. Shareholders are entitled to receive such Company information on fair and equal basis, and are entitled to attend the meetings, vote, and express their opinions during the shareholders' meeting (as per details in clause number 4). Each and every shareholder has equal rights as follows:

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

3. Stakeholders' Rights

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

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

4. The Shareholders' Meeting

The Company schedules a General Shareholders' Meeting once a year, not longer than 4 months after the Company's fiscal year end date. In 2011, the Company held the Annual General Shareholders' meeting on 20 April 2011, in order to consider various important agendas. It has dispatched the appointment/invitation letters together with supporting documents providing sufficient and comprehensive information to the Company's share registrar for onward delivery to the shareholders to study the afore-mentioned information in detail. Furthermore, the Company facilitated the shareholders' participation in the shareholders' meeting by having the meeting room easily accessible, and in the event the shareholder cannot attend the meeting in person, he may authorize other individuals to attend in his place or authorize one of the independent to vote on his behalf.

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

5. Role, Leadership, and Vision

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

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

Director Certification Program

Mr. Vicha Poolvaraluck	2003
Mr. Padet Hongfa	2003
Mr. Suthep Dansiriviroj	2006
Mr. Arun Eamsureya	2008
Mr. Anont Asavanont	2008
Mr. Chate Mungkhalodom	2011
Mr. Virat Udomsinwattana	2011
Mr. Rujipant Chuenchitr	2011

Director Accreditation Program

Mr. Tirachai Vutithum	2004
Mr. Suthep Dansiriviroj	2006

Role Compensation Committee Program

Mr. Chate Mungkhalodom	2011
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6. Conflict of Interest

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

7. Business Ethics

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

8. Balance amongst Non Executive Directors

At of 31 December 2011, there were 10 directors in the Company as follows:

- | | |
|-----------------------------------|-----------|
| • Executive Directors | 2 persons |
| • Non Executive Directors | 5 persons |
| • Independent and Audit Committee | 3 persons |

In this connection, the Company has 4 Independent Directors or equivalent to 40% of the total number of directors. The Company's Board of Directors is responsible for performing its duties in accordance with the law, its objectives, and the articles of association of the Company, as well as shareholders' resolution, with honesty, integrity, and caution in preserving the Company and its shareholders' interests. Each director's position has a definite term which is in accordance with the Company's article of the Company, as well as shareholders' resolution, with honesty, integrity, and caution in preserving the Company and its shareholders' interests. Each director's position has a definite term which is in accordance with stipulate that at each Annual General Shareholders' meeting 1 out of 3 directors must leave his position, by having the director who has assumed the position longest resign.

9. Combining/Separating of Positions

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

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

10. Remuneration of Directors and Executives

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

11. Board of Directors' Meeting

In 2011, the Company held 7 Board of Directors' meetings. The Company prepares the meeting invitation, the meeting agenda, together with supporting documents at least 7 days prior to each meeting. The proper timing allocated for the various meeting agendas will be set by the Board of Directors, and an officer will be responsible for recording of the minutes of the meeting, and seriously implementing the meeting resolution, as well as following up, and filing of the previous minutes which have been endorsed by the Board of Directors, ready for review to be undertaken by the Board of Directors and related parties.

(Detailed in Board and Executives attended the meeting P.41)

12. The Committees

The company sets up the Sub-Committee, namely Audit Committee, Risk management Committee, Nomination and Remuneration Committee, Executive Committee (detailed in Board and Committee structure P.34)

13. Internal Control and Audit Policy

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

14. Board of directors' Report

The Company's Board of Directors is responsible for the Company and its subsidiaries' consolidated financial statements, and financial information which appear in the annual report. The afore-mentioned financial statements have been prepared in accordance with internationally accepted standards, in Thailand, using careful judgments, and the best possible estimate/projections, as well as disclosing sufficient information in the notes to financial statements. This will create stakeholders' confidence in the Company's financial

statements. In the past, the Company's Board of Directors had appointed an Executive Committee which comprised highly qualified independent directors with qualification which comply with the Stock Exchange of Thailand's regulations, to conduct a review, and ensure that the Company's financial reports are correct and adequate, with an appropriate and efficient internal control system, and to review that the operations comply with the Stock Exchange regulations, obligations to outside parties, and other relevant rules and regulations, including the selection and proposal to appoint and offer remuneration of the auditor.

15. Investor Relations

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

16. Overseeing Usage of Internal Information

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

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

Internal Control

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

The Board of Directors and Management term are responsible for the Company in remaining the Company's internal control system. In the Board of Directors' Meeting No.2/2012 hold on March 23, 2012 which the Independent Directors and the Audit Committee attended, considered and evaluated the adequacy of the Company's Internal Control System in 5 aspects as follows;

1 Organization and environmental conditions

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

2. Risk management

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

3. Supervision of executive performance

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

4. Information system and communication of information

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

5. Follow up process

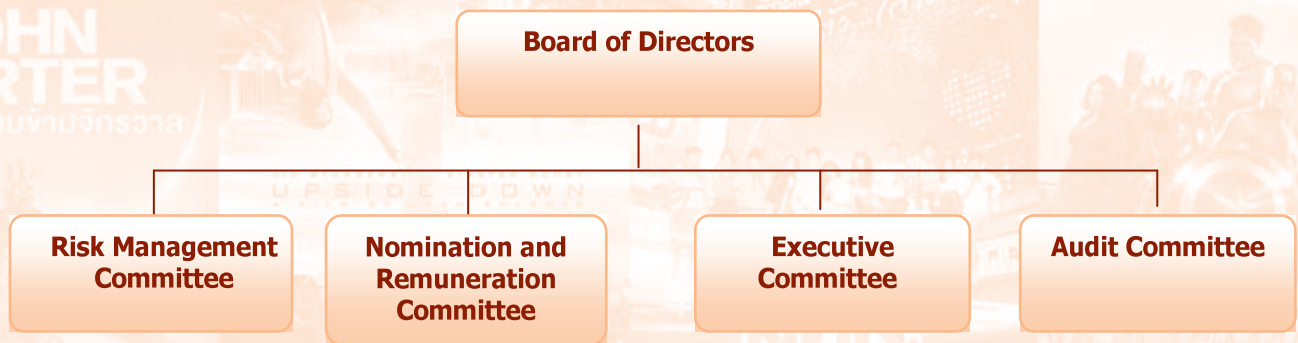
The Company frequently compares business targets of the Company with operation results, and makes report to the Board of Directors, moreover, the Company provides the internal auditing which will directly report to the Audit Committee.

The Board of directors and the Audit Committee of the Company are agree with Auditor who has reviewed the efficiency of the Company and Group's internal control, that the Company and subsidiaries have adequate and appropriate internal control systems fit to nature of the Company and subsidiaries business, which are capable in protection of the Company's assets from executives' misuse or insufficient authorized usage. No significant defect was found in the accounting internal control system which would require the financial auditor's comments to be included in the 2011 financial statements.

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

Boards and Committee Structure

The Board and Committee of the Company consisted of 5 committees, namely the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Executive Committee with an Executive Management Team. The scope of work and authority of each committee are as following:



Board of Directors

As of December 31, 2011, there were Directors in the Board of Directors as namely below;

			<u>Positioned Date</u>
1	Mr.Tirachai Vutitum	Independent Director/Chairman of the board	April 20, 2011
2	Mr.Vicha Poolvaraluck	Vice Chairman of the board	April 21, 2010
3	Mr.Padet Hongfa	Director, Chief Executive Officer	April 21, 2010
4	Mr.Chattaphum Khantiviriya*	Director	April 30, 2009
5	Mr.Virat Udomsinwatana	Director	April 21, 2010
6	Mr.Rujipant Chuenchitr	Director/Chief Financial Officer	April 20, 2011
7	Mr.Suthep Dansiriviroj	Independent Director/Chairman of the AC	April 20, 2011
8	Mr.Arun Eamsureya	Independent Director/AC	April 30, 2009
9	Mr.Montri Sotangkul	Independent Director/AC	April 30, 2009
10	Mr.Anont Asvanund**	Director	March 1, 2011
11	Mr.Chate Mungkhalodom***	Director	May 11, 2011

Mr.Rujipant Chuenchitr is the Director and served as Secretary to the Company's Board of Directors

*Resigned from Director at April 30, 2011.

**Appointed to be Director since March 1, 2011.

*** Appointed to be Director since May 11, 2011.

Directors authorized to sign to bind the Company consist of Mr.Vicha Poolvaraluck, Mr.Padet Hongfa, Mr. Rujipant Chuenchitr, and Mr.Chate Mungkhalodom, two of these four directors' together sign and affix the Company's seal. From the above Board of Directors' structure, the Company's ratio of non-executive to executive directors is 4 to 6 which is more than half of the total number of directors, including 4 independent directors.

ROLE AND RESPONSIBILITIES OF THE COMPANY'S BOARD OF DIRECTORS

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

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

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

THE AUDIT COMMITTEE

As of 31 December 2011, the Audit Committee consisted of 3 directors as follows:

- | | |
|---------------------------|--|
| 1. Mr.Suthep Dansiriviroj | Independent Director/Chairman of the Audit Committee |
| 2. Mr.Arun Eamsureya | Independent Director and Audit Committee |
| 3. Mr.Montri Sotangkul | Independent Director and Audit Committee |

Ms. Orawan Thammasiripong served as Secretary to the Audit Committee.

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

1. Mr. Suthep Dansiriviroj Independent Director/Chairman of the Audit Committee
Undergone training programs:
 - Director Accreditation Program (DAP) 2005
 - Director Certification Program (DCP) 2006
2. Mr. Arun Eamsureya Independent Director/Audit Committee
Undergone training programs:
 - Director Certification Program (DCP) 2008
3. Mr. Montree Sotangkul Independent Director/Audit Committee
Undergone training programs: None

ROLE AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

1. Reviews that the Company's financial report is correct and complied with acceptable accounting standard, and adequate financial information disclosure.
2. Reviews and ensures that the Company's internal control and internal audit systems are appropriate and effective. Moreover, considers and approves of appointment , removal, termination of head of internal audit or other of which related to internal auditing.
3. Reviews and ensures that the Company abides by the SEC and SET rules and regulations, or other regulations related to the Company's business.
4. Considers, selects, and proposes the appointment and remuneration of the Company's financial auditor.
5. Considers, reviews, and provides comments including the comprehensive and accurate disclosure of Company information in the event of related transactions or those that may give rise to conflicts of interest to ensure that such related transaction or conflict of interest transaction are acceptable reasonably and make the highest benefits to the Company.
6. Prepares Audit Committee report with signature of the Chairman of the Audit Committee and discloses in Annual Report of the Company. The report shall be at least consisted of information as listed below;

- [a] Opinions of accuracy, completeness, and trustable of the Company's financial reports
- [b] Opinions of sufficiency of the Company' internal control system
- [c] Opinions of compliance of the Securities and Exchange law, the Stock Exchange's regulations, and other related laws
- [d] Opinions of suitability of auditors
- [e] Opinions of related and conflict of interest transaction
- [f] Numbers of the Audit Committee Meeting and attending of each Audit Committee
- [g] General opinions and or suggestions on conducting duties under Charter
- [h] Other matters in scope of duties and responsibilities assigned by the Board of Director which are considered that they should be disclosed to shareholders and investors

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

13. Responsible for the Board of Directors on assignments and shall report performances with suggestions in result of auditing to the Board of Directors at least 2 times per year.

Independent director

"Independent director means fully qualified persons with independence as determined by the Stock Exchange of Thailand as followed;

1. Amount and elements of Independent Director shall have at least 1/3 of the Board of Directors and shall not less than 3 independent Directors
2. Hold shares not exceed 0.5% of total voting right shares of the Company and also are included of shareholding of related parties.
3. Within preceded 2 years until present, shall not be participated in business management and controllable
4. Within preceded 2 years until present, shall not be in business relationship with the persons below;

- Auditor: Strict prohibition

- Other Professional Service Provider: Transaction value exceeds of 2 million baht/year

Exceptions: Transactions were considered necessary and irregular with unanimous approval of the Board of the Company. The Company shall disclose such transaction in Form 56-1 and Annual Report and Invitation of Shareholders' Meeting.

5. Do not be bloody relation, legislative relation, agent of executives or major shareholders, as well as being not appointed as a representative of other shareholders who bear relationship with major shareholders of the Company such as spouse, adopted child, etc.
6. Do not be director of other listed company in group.
7. Do not be management team, employee or advisor which regularly receives salary from the company, subsidiaries, or major shareholders.
8. Do not be benefit person whether directly or indirectly, in aspects of both financial and management of the company and subsidiaries.
9. There no relation with the executives or major shareholders.
10. Do not be agent on caring benefit of directors, major shareholders, shareholder which is related to major shareholder.

Real independence of the independent directors indicates good governance of the company, and the appointed independent director performs strictly comply with the foregoing rules. Especially, the independent directors can perform their duties, and give opinions or report operation results on assignment independently, regardless of any benefit concerning their assets and positions, and are forced neither influence of any group nor any pressure in giving opinions.

Nomination and Remuneration Committee

1. Mr. Suthep Dansiriviroj
2. Mr. Arun Eamsureya
3. Mr. Chate Mungkhalodom

Selection of person to be a director and executive, the Company has set up a specific committee to select potential candidates for the position of Company Director. However, the Board of Directors will select individuals on the basis of their knowledge, capability, experience, and vision, which complement the Company's business. Directors must possess certain qualifications and must not possess certain qualifications as outlined in the Article 68 of the 1992 Public Company Act, and according to the regulations of the SEC and the SET. Proposals will be made to the shareholders' meeting in accordance with the Company's articles of association for consideration and appointment based on the following criteria:

1. Individual with complete qualification as required by the SEC and the SET
2. Individual with no business ties, benefits, or interests, either directly or indirectly with the financial and management of the Company and subsidiaries including of joint company
3. The Company's policy is for the Independent Director to disclose relationships/links which may affect to his independent role such as appointment of representatives in to preserve the interests of the directors and major shareholders.
4. Appoint by Board of Directors and or Shareholders' meeting resolution by :
 - 4.1 At each Annual General meeting, one out of three directors must retire by rotation. If the number of directors cannot be divided into three equal parts then the number of directors closest to 1 out of 3 must be retired. Directors who are retired from office the first or second year after the Company registration date must draw lots as to be who will leave. As for years later, the director who has been in the position longest must be retired. In this connection, Directors who are retired may be elected to resume the position again.
 - 4.2 The Shareholders' meeting can elect a director in accordance with the following criteria and procedures:
 - 4.2.1 Shareholder has an equivalent vote to one share, and has 1 vote
 - 4.2.2 Each shareholder must make use of all his votes as per clause number 4.2.1 in the election of 1 or many individuals as directors. He cannot, however, divide his votes, no matter how big or small the amount, amongst different individuals
 - 4.2.3 Individuals who receive the highest votes will be elected as directors in accordance with the number of directors required, or the number of directors to be elected at that meeting. In the event that equal votes have been received, which exceed the number of directors required or to be elected at that time, the Chairman of the meeting will cast the final deciding vote
 - 4.3 At the shareholders' meeting, a resolution may be adopted for any director who are retired prior to the completion of his term, with votes of not less than three quarters received from the number of shareholders present and entitled to vote, and with the combined number of shares of not less than half of the total number of shares held by the shareholders present and entitled to vote.

- 4.4 In the event that the position of director becomes vacant due to other reasons besides completion of term, the Board of Directors may nominate at the following Board of Directors' meeting an individual who possesses the qualifications, and does not have the qualifications specified in Article 68 of the 1992 Public Company Act, after having received no less than three quarters of the remaining directors' votes in order to assume the position, with the exception that the previous director's remaining term is less than two months. The new director may assume office only for the remaining tenor of his predecessor's term.

Risk Management Committee

As of 31 December 2011, the Company's Risk Management Committee was consisted of 4 persons as below:

- | | |
|----------------------------|---------------------------------------|
| 1. Mr. Suthep Dansiriviroj | Chairman of Risk Management Committee |
| 2. Mr. Padet Hongfa | Risk Management Committee |
| 3. Mr. Rujipant Chuenchitr | Risk Management Committee |
| 4. Mr. Chate Mungkhalodom | Risk Management Committee |

ROLE AND RESPONSIBILITIES OF THE RISK MANAGEMENT COMMITTEE

1. Monitors the risk factors which may be affected to the business operation of the Company and presents to the Board of Directors.
2. Considers and analyzes and gives opinions on assignment to the Board of Directors.

Executive Committee

As of 31 December 2011, the Company's Executive Committee was consisted of 5 persons as below:

1. Mr. Padet Hongfa
2. Mr. Virat Udomsinwattana
3. Mr. Rujipant Chuenchitr
4. Mr. Chate Mungkhalodom
5. Miss Krittiyanat Techasukthaworn

ROLE AND RESPONSIBILITIES OF THE RISK MANAGEMENT COMMITTEE

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

6. Operates and manages the Company's business in accordance with laws, objectives and regulations of the Company.

Scope of operation approval authority of Executive Committee

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

Executive Management Team

As of 31 December 2011, Executive team of Group of Companies consists of 5 directors as follows:

- | | |
|-----------------------------|--|
| 1. Mr. Padet Hongfa | Chief Executive Officer |
| 2. Mr. Rujipant Chuenchitr | Chief Financial Officer |
| 3. Mr. Thitakorn Usayaporn | Chief Marketing Officer |
| 4. Ms. Chanphen Singhanutta | Human Resources and Administration Manager |
| 5. Mr. Vinai Boonsadao | Legal Manager |

BOARD OF DIRECTORS' MEETING

The Company's Board of Directors schedules meetings in advance throughout the year, and holds at least 7 meetings a year. Additional meetings may be held to consider various important issues as urgently required and as deemed appropriate. Each meeting agenda consists of the consideration of the Company's policy, new investment projects, quarterly financial statements, as well as the financial report, and follow up of the Company's performance. The Secretary to the Board of Directors is responsible for confirming each meeting date, or making a new appointment date in the case of postponement from the original date, or calling an urgent meeting, and will also prepare and dispatch supporting documents to the directors. Each meeting generally lasts about 2 hours, and every director can freely express his opinions, and propose operational guidelines. Moreover, the Secretary to the Company's Board of Directors' duty is to take notes, and prepare the minutes of the meeting within 14 days, and to send the minutes which have been endorsed by the Company's Board of Directors, as well as file all minutes and supporting documents related to the Directors' meeting, ready for any review to be undertaken by the Board of Directors, shareholders, financial auditor, and related parties.

In 2011, the following meetings were hold:

Board of Directors' Meeting	7	times
Audit Committee's Meeting	4	times
Annual General Shareholders' Meeting	1	times
Extraordinary General Shareholders' Meeting	-No-	

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

No	Name	Board Meeting	AC Meeting	AGM
1	Mr.Tirachai Vuttithum	5/7	-	Attended
2	Mr.Vicha Poolvaraluck	6/7	-	Attended
3	Mr.Padet Hongfa	7/7	-	Attended
4	Mr.Chattaphum Khantiviriya[1]	3/3	-	Attended
5	Mr.Virat Udomsinwattana	7/7	-	Attended
6	Mr.Suthep Dansiriviroj	7/7	4/4	Attended
7	Mr.Arun Eamsureya	7/7	4/4	-
8	Mr.Rujipant Chuenchitr	7/7	-	Attended
9	Mr.Montri Sotangkul	3/7	2/4	Attended
10	Mr.Anont Asvanund[2]	4/4	-	Attended
11	Mr.Chate Mungkhalodom[3]	3/3	-	-

(1) Appointed to be Director since April 30, 2009, resigned since April 30, 2011

(2) Appointed to be Director since March 2, 2011

(3) Appointed to be Director since May 11, 2011

Scope of operation approval authority of Management Team

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

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

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

Remuneration of the Boaed of Directors and Executives

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

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

In 2011, the remuneration was paid as detailed below:

Monetary Compensation

- The remunerations of 10 Board of Directors totaled 1,017,900 baht in the form of remuneration and meeting allowances :

Mr. Tirachai Vutitum	amount	135,000	baht
Mr. Vicha Poolvaraluck	amount	124,200	baht
Mr. Padet Hongfa	amount	104,400	baht
Mr. Virat Udomsinwattana	amount	104,400	baht
Mr. Suthep Dansiriviroj	amount	131,400	baht
Mr. Arun Eamsureya	amount	104,400	baht
Mr. Montri Sotangkul	amount	75,600	baht
Mr. Rujipant Chuenchitr	amount	104,400	baht
Mr. Anont Asavanund*	amount	81,000	baht
Mr. Chate Mungkhalodom**	amount	53,100	baht

*Appointed to Director since March 1, 2011.

**Appointed to Director since May 11, 2011.

- The total remuneration of 6 Executives was 13,713,722 baht consisting of salary and other welfare benefits.

People

As of December 31, 2011, there are 150 employees in the Company and subsidiaries as detailed follows;

	Amount [Employees]
1. Executives and Employees of M Pictures Entertainment Plc.	51
2. Executives and Employees of M Pictures Co.,Ltd.	18
3. Executives and Employees of M V D Co.,Ltd.	60
4. Executives and Employees of M Thirty Nine Co.,Ltd.	21
5. Executives and Employees of Pacific Media Sales Co.,Ltd.	-
6. Executives and Employees of TV Forum Co.,Ltd.	-
Total	150

As at end of 2011, total remuneration featuring with salary, providence fund and other welfares of all executives and employees of the Company and subsidiaries is approximately 66.89 million baht.

Employees Competency Development Policy

The Company has restructured the business, therefore, there is less employee competency research and development, but the Company plans and allocates budget for supporting training courses, multi-skills improvement, seminars, team building, entertainment including of the potential and capacity development of the Company and group's employees.

Related Transaction

In 2011, most of the related transactions shown on the Profit and Loss Statement were transactions in which the Company and its subsidiaries sold and bought products and services to related companies totaling progressively THB 176.08 million and THB 22.43 million. Details as follow;

Related transactions between the Company and related companies in Consolidated Profit and Loss in 2011

	(Unit : Million Baht)
Revenue generated from Entertainment Business Sale and Service	112.12
Advertising Income	63.95
Goods and service Expense	10.56
Advertising Expenses	1.54
Office Rental and Service Charges	3.70
Interest Expenses	6.54
Other Expenses	0.08

Related transactions between the Company and related companies in Consolidated Balance as of December 31, 2011

	Account Receivable	Creditors	(Unit : Million Baht) Short-Term Loan
Major Cineplex Group Plc.	26.58	(1.89)	(59.00)
EGV Entertainment Plc.	3.98	-	-
Siam Cineplex Co., Ltd.	4.05	-	-
MC THAI Co., Ltd.	0.14	-	-
Major Cine Ad Co., Ltd.	55.28	(0.04)	-
3 related companies.		(0.29)	
Total	90.03	(2.22)	(59.00)

During the year 2011 short-term loans from related parties can be analyzed as follows.

	(Unit : Million Baht)
Beginning balance	250.00
Additions	200.00
Repayment made during the year	(391.00)
Ending balance	59.00

Policy of pricing between the company and related parties as stipulated in the contract.

As of December 31, 2011, the Company had outstanding related transaction balance between the company and subsidiaries, consisting of trade debtors in amount of 90.03 million baht, and creditors in amount of 2.22 million baht, and short-term loan in amount of 59.00 million baht as detailed follows:

- Major Cineplex Group Plc. is debtor of film revenue sharing in amount of 24.60 million baht, accrued interest in amount of 1.31 million baht, and short-term loan in amount of 59.00 million baht.
- EGV Entertainment Plc. is debtor of film revenue sharing in amount of 3.98 million baht.
- Siam Cineplex Co., Ltd. is debtor of film revenue sharing in amount of 3.91 million baht and debtor of goods in amount of 0.14 million baht.
- MC THAI Co., Ltd. is debtor of VCD-DVD payment in amount of 0.14 million baht.
- Major Cine Ad Co., Ltd. is debtor of advertising in amount of 55.28 million baht.

Audit Fee

- In the past fiscal year, the Company and its subsidiaries paid an audit fee to the auditor's audit firm, to individuals or related parties which related with auditor and audit firm, totaling 3,550,000 baht.

Company	Audit Fee [Baht]
M Pictures Entertainment Plc.	2,080,000
M Pictures Co., Ltd.	440,000
MVD Co., Ltd.	490,000
Pacific Media Sales Co., Ltd.	100,000
M Thirty Nine Co., Ltd.	390,000
TV Forum Co., Ltd.	50,000
Total	3,550,000

Other Service Fee [Non-Audit Fee]

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

Top 10th Major Shareholders

(As of February 29, 2012)

	Number of Shares	Percentage	(%)
1. Major Cineplex Group Plc.	423,696,489	66.074	
2. Thai NVDR Co.,Ltd.	24,363,705	3.799	
3. Mr. Badin Sangarayakul	15,260,400	2.380	
4. Mr. Virat Udomsinwatana	14,276,800	2.226	
5. Mrs. Puntaree Sawangwongsakul	7,755,600	1.209	
6. Mr. Padet Hongfa	7,600,000	1.185	
7. Mr. Chairat Saetang	7,021,000	1.095	
8. Mr. Vorapong Suwattanapim	6,926,500	1.080	
9. Mr. Srisak Suepakdee	6,410,000	1.000	
10. Mr. Suchai Lerdpraiwan	3,829,400	0.597	

Brief of Directors and Executives of M Group

Company List		The Company	Subsidiaries				
Directors & Executives		MPIC	MP	MVD	M39	PMSL	TVF
1. Mr. Tirachai	Vutithum	X	-	-	-	-	-
2. Mr. Vicha	Poolvaraluck	/	-	/	/	-	-
3. Mr. Padet	Hongfa	/,/,X**	X,X**	/,X**	/	X	X,X**
4. Mr. Virat	Udomsinwattana	/	-	-	-	-	-
5. Mr. Rujipant	Chuenchitr	/,/,	/	-	-	-	/
6. Mr. Suthep	Dansiriviroj	/, X*	-	-	-	-	-
7. Mr. Arun	Eamsureya	/	-	-	-	-	-
8. Mr. Montri	Sotangkul	/	-	-	-	-	-
9. Mr. Anont	Asavanund	/	-	-	-	-	-
10. Mr.Chate	Mungkhalodom	/	/	/	/	-	-

Remark : Company and subsidiaries information as of December 31, 2011

/ = Director // = Executive Director
 X = Chairman of the Board X* = Chairman of the Audit Committee
 X** = Chief of Executive Officer

Company & subsidiaries List

MP M Pictures Co.,Ltd.
 MVD M V D Co.,Ltd.
 M39 M Thirty Nine Co.,Ltd.
 PMSL Pacific Media Sales Co.,Ltd.
 TVF TV Forum Co.,Ltd.

Income Structure

Revenue of the company group categorized by each segment within 3 years (2009-2011) in the below table:

[Unit: Million Baht]

Business Line	2011		2010		2009	
	Amount	%	Amount	%	Amount	%
Film rights	162.77	15.50	127.35	12.13	166.07	14.77
VCD/DVD	699.08	66.57	794.86	75.69	398.87	35.48
Film production	188.30	17.93	202.15	19.25	17.82	1.58
Sport News Magazine and Others	-	-	-	-	0.01	0.00
Total Revenue	1,050.15	100.00	1,124.36	107.07	582.77	51.83

Operation Highlight

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

[Unit: Million Baht]

Financial Statement Information	December 31,2011	December 31,2010	December 31, 2009	Percentage of Change	
				2011-2010	2010-2009
Total Assets	1,532.4	1,532.9	1,612.6	(0.03)	(4.9)
Total Liabilities	849.7	895.3	1,018.5	(5.1)	(12.1)
Shareholder Equity	682.6	637.6	594.1	7.1	7.3
Registered Capital	641.3	641.3	641.3	-	-
Paid-Up Capital	641.3	641.3	641.3	-	-
Total revenues	1,056.6	1,139.9	612.3	7.3	86.2
Total Expenses	995.5	1,096.4	592.5	9.2	78.3
Net Profit (Loss)	61.1	43.5	(2.7)	40.5	1,711.1
Earning (Loss) per share (Baht)	0.10	0.07	(0.01)	42.9	800

Financial Ratio

Financial Statement Information	December 31, 2011	December 31, 2009	December 31, 2008
Return on Total Revenue [%]	5.8 %	3.9 %	(0.5) %
Return on Shareholder's Equity [%]	9.3 %	7.1 %	(0.7) %
Return on Total Assets [%]	6.2 %	5.3 %	1.6 %
Debt to Equity Ratio [times]	1.24	1.40	1.71
Book Value per Share [Baht]	1.06	0.99	0.93

Management Discussion and Analysis Year 2011

Operation results of the Company and subsidiaries

The Group reported a profit of Baht 61.13 million in 2011, increasing from 2010 by Baht 17.64 million or 40.56%. This resulted from effectively right distributed management and successful cost control.

Total revenues were recorded at Baht 1,056.59 million, main revenue Baht 264.46 million from moviemaking and film rights businesses, Baht 699.08 million from VCD and DVD distribution, and Baht 86.61 million from advertising, representing 25.03%, 66.16% and 8.20% of total revenues respectively. Compared with 2010, the total revenues decreased by about 7.31%.

Total expenses become lower by about 9.21% from Baht 1,096.44 million in 2010 to Baht 995.47 million in 2011. Costs of production and services abated Baht 69.50 million or 9.56% and selling and administrative expenses by Baht 24.83 million or 7.53%.

Revenues

The Group's total revenues in 2011 decrease by around Baht 83.33 million or 7.31% from a year earlier, which could be broken down by line of business in the below table:

[Unit: Million Baht]

Business Line	Amount		Increase/[Decrease]		Ratio : Total Revenue	
	2011	2010	Amount	%	2011	2010
VCD-DVD	699.08	794.84	(95.78)	(12.05)	66.16%	69.73%
Movie rights	107.19	92.19	15.00	16.27	10.15%	8.09%
Moviemaking	157.27	191.31	(34.04)	(17.79)	14.88%	16.78%
Advertising	86.61	46.00	40.61	88.28	8.20%	4.04%
Other Revenue	6.44	15.56	(9.12)	(58.59)	0.61%	1.37%
Total Revenue	1,056.60	1,139.92	(83.33)	(7.31)	100.00%	100.00%

VCD and DVD distribution business recorded a decrease of Baht 95.78 million or 12.05% in revenues. Due to in 2010, the agreement with major studio has ended , so the revenue in 2012 has also decreased.

Movie rights business has increased in revenues by Baht 15.00 million or 16.72% because the number of movies released in theaters in 2011 was more than in 2010. Moreover, the Company's stricter control of movie rights purchase by basing on cost effectiveness and consumers' preference in a bid to generate revenues and profits from theatrical releases.

Moviemaking business could go down revenues by Baht 34.04 million or roughly 17.79% because of fewer productions and movies than 2010.

Advertising revenues in 2011 recorded an increase of Baht 40.61 million or 88.28% because in the earlier year, the Group has management policy which focuses on profit from International and Thai film media and it succeeded.

Costs of Production and Services and Gross Profit Margin

The Group's costs of production and services decreased from 2010 by about Baht 69.50 million or 9.56% which related decreasing revenue.

Since the key factors impacting the overall income and performance of the Group which has engaged in the entertainment business are consumers' taste and trend, thus helping grow its revenues and gross profit margin in 2011.

Selling and Administrative Expenses

Selling and administrative expenses become lower by Baht 24.83 million or 7.53% from Baht 329.58 million in 2010 to Baht 304.76 million in 2011, caused by reduced costs of production of the Group. Moreover, the quantity of movies shown in the theatres have decreased

Resulting of our completing operation from procuring movie rights, producing Thai film, until distributing film right in form VCD,DVD ,and Blu-ray. Moreover, the Group has new channel for selling right which make more profit to our business.

Even though, in quarter 4/2011, most areas in Thailand has confronted with natural disaster which make consumers cut unnecessary cost of living. That has affected to our business. Since the main business of the Company is in the category of entertainment, which is an alternative of stress relaxation of consumers, and since the prices of film entertainment media are not high and the Company has aimed at selecting only quality films, these problems have produced little impacts on the Company's business.

Financial Result of the Company and Group

Asset

As of December 31, 2011, the Group had total assets of Baht 1,532.38 million, down from December 31, 2010 by Baht 0.51 million or about 0.03%. The assets were composed of the following items:

[Unit: Million Baht]

Assets	December 31, 2011		December 31, 2010	
	Amount	%	Amount	%
Cash and cash equivalent	37.66	2.46	28.87	1.88
Trade accounts receivable - net	431.44	28.15	535.26	34.92
Short term loan- net	0.00	0.00	4.41	0.29
Inventory	104.24	6.80	78.60	5.13
Film on Production	16.64	1.09	10.77	0.70
Other current assets	121.42	7.92	57.07	3.72
Building and equipment - net	16.44	1.07	15.56	1.02
Goodwill - net	408.54	26.66	408.54	26.65
Computer program-net	3.12	0.20	3.33	0.22
Movie rights - net	391.43	25.54	388.35	25.33
Other non - current assets	1.45	0.09	2.13	0.14
Total Asset	1,532.38	100	1,532.89	100

Cash and cash equivalents grew from December 31, 2010, due to efficient management policy which helped to strengthen the Group's liquidity and boost its cash and cash equivalents.

Trade accounts receivable – net decreased Baht 103.82 million or 19.40% from 2010 which relating to the revenue drop in VCD and DVD distribution business and the company already has effective collection's system.

Inventories coming from the VCD and DVD distribution business, rose Baht 25.64 million or 32.62% from as of December 31, 2010

Movies in process coming from the moviemaking business for theatrical release, rose Baht 5.87 million or 54.50% from December 31, 2010 due to consistent movie continuously releases in cinemas in 2011.

Other current assets increasing Baht 64.35 million or 112.76% from the Year Ended 2010. Most of advance payment is for the plan of Thai film production in 2011.

Building and equipment – net increased from December 31, 2010 by Baht 0.88 million or 5.66 % because of purchasing for the Company operation.

Movie rights – net rose from December 31, 2010 by Baht 3.08 million or 0.79%, belonging to the movie production and rights distribution business lines. In 2011, the Group made several theatrical releases and thoroughly planned and managed its international film import and distribution.

Liabilities and Equity of Shareholders

[Unit : Million Baht]

Liabilities and Equity of Shareholders	December 31, 2011		December 31, 2010	
	Amount	%	Amount	%
Short-Term Loan from Financial Institutes	478.34	31.22	327.57	21.37
Trade Account Payable	232.68	15.18	221.24	14.43
Short-Term Loan from Related Parties	59.00	3.85	250.00	16.31
Other Current Liabilities	72.00	4.70	56.80	3.71
Non-Current Liabilities	7.72	0.50	39.71	2.59
Total Liabilities	849.74	55.45	895.33	58.41
Equity of Shareholders	682.64	44.55	637.56	41.59
Total Liabilities and Equity of Shareholders	1,532.38	100.00	1,532.89	100.00

Liabilities and Shareholders' Equity

Overdrafts and short-term loans from financial institutions are funding sources to meet the Group's working capital needs. This item rose from the outstanding balance as of December 31, 2010 by Baht 150.77 million or 46.03%, caused partly by the Group's efficient management of finance costs and improved liquidity. Most used for loan payment to related companies.

Trade accounts payable increased from December 31, 2010 by Baht 11.44 million or 5.17%, attributed largely to a careful selection and import of quality movie rights. Besides, in 2010 there were many films on production and end of a year, Movies shown in the theatre caused cost of distribution and advertising was high.

Other current liabilities rose from the end of December 2010 by Baht 15.20 million or 26.76%. Such increase resulted primarily from growth in the projected returned products, which was in tandem with the growing revenues of the VCD and DVD distribution business line.

Other non-current liabilities pulled down from December 31, 2010 by Baht 31.99 million, resulting chiefly from payment long-term loan to financial institute.

Shareholders' equity as of year-end 2011 stood at Baht 682.64 million as presented in the consolidated financial statement, up from Baht 637.56 million as of end-2010 thanks to a profit from operations generated in 2011.

Analysis of Financial Ratios:

	December 31, 2011	December 31, 2010	December 31, 2009
Current Ratio	0.84	0.84	0.68
Receivable Turnover	2.33	2.35	1.86
Average Collection Period	157	155	197
Total Assets Turnover	0.69	0.71	0.53
Total Debt to Equity Ratio	1.24	1.40	1.71

Liquidity Ratios

Current Ratio: The Group carried a greater amount of current liabilities than current assets, thus likely leading to liquidity problem. To cope with this, the Group in 2011 emphasized the management of current and non-current assets to boost its cash flow liquidity that could amply cover the current liabilities.

Efficiency Ratios

Total Assets Turnover: The Group does not require a large amount of fixed assets since its core activities involve with the distribution of movies and movie rights, the production and distribution of VCD and DVD, and the moviemaking. Nonetheless, its assets turnover in 2011 dropped from a year earlier because the Group's revenue has decreased.

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

Audit Committee Report 2011

Over the past 2011, the Audit Committee of M Pictures Entertainment Plc. is comprised of 3 independent directors. The Audit Committee is empowered by the Board of Directors to examine plans, purposes, and internal operations of the Company covering to examine auditing of internal Auditors to comply with the scope of responsibilities and purpose of internal auditing, evaluate sufficiency of internal audit system of the Company and subsidiaries and also control the Company to apply Good Corporate Governance to the Company operations, control risk management appropriately. And the Audit Committee examined the Company to strictly comply with the related laws, related transaction and conflicts of interest regulations, and correctly disclosed necessary information under the related regulations and practices. The Audit Company had participated in making consideration, discussion, exchange of views with the auditors, the internal auditors, and management team of the company for reviewing the quality of financial report, and result of audits.

For the fiscal year 2011, the Audit Committee held 4 meetings. In such meetings, the Committee met external permitted auditor to review financial information and financial reports of the Company every quarter-end 2011 and provided assessments and recommendations to the Board of the Company and also met independently with management team, internal and external Auditors of the Company to review and evaluate the Company's accounting policies and the relating procedures accounting practices, the internal control assessment, and audit plan. Where weakness was identified in internal controls, corrective action plan has been taken to eliminate or reduce the associated risks.

The Audit Committee is of opinion that the internal control system of the Company operated effectively, insurable that the Company's assets were safe-guarded, proper accounting records were maintained, and resources were utilized efficiently. The Audit Committee has reviewed quarterly and yearly financial statement of the Company before recommending to the Board of Directors' Meeting.



(Mr.Suthep Dansiriviroj)
Chairman of Audit Committee

Responsibility Statement of the Board to Financial Statement

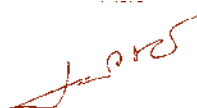
The Board of Directors is responsible for the Company and consolidated financial statements as well as financial information as disclosed in annual report. The financial statements are prepared according to generally accepted accounting standard in Thailand by applied appropriate accounting policy with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

The Board of Director believes that the Company's internal control system is sufficient and be able reasonably ensure that the Company and consolidated financial statement as of December 31, 2011 are trusted.



(Mr.Tirachai Vutithum)

Chairman of the Board



(Mr.Padet Hongfa)

Chief Executive Officer

AUDITOR'S REPORT

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

I have audited the accompanying consolidated and company statements of financial position as at 31 December 2011 and 2010, and the related consolidated and company statements of income, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended of M Pictures Entertainment Public Company Limited and its subsidiaries and of M Pictures Entertainment Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial positions as at 31 December 2011 and 2010, and the consolidated and company results of operations and cash flows for the years then ended of M Pictures Entertainment Public Company Limited and its subsidiaries and of M Pictures Entertainment Public Company Limited, respectively, in accordance with generally accepted accounting principles.



Kajornkiet Aroonpirodkul
Certified Public Accountant (Thailand) No. 3445
PricewaterhouseCoopers ABAS Ltd.
Bangkok
13 February 2012

M Pictures Entertainment Public Company Limited

Statements of Financial Position

As at 31 December 2011 and 2010

		Unit: Baht			
		Consolidated		Company	
	Notes	2011	2010	2011	2010
Assets					
Current assets					
Cash on hand and cash equivalents	7	37,661,469	28,867,576	831,565	509,332
Trade accounts receivable and other receivable, net	8	431,439,240	535,263,542	347,708,050	150,557,044
Short-term loans to a subsidiary, net	27 iv)	-	-	50,700,000	46,320,000
Short-term loan to third party, net	9	-	4,408,268	-	-
Inventories, net	10	104,241,361	78,598,459	-	-
Films under production		16,637,499	10,772,709	-	-
Advances to employees		50,557,376	8,217,181	-	-
VAT receivable		16,862,209	18,085,730	6,748,934	9,123,553
Withholding tax deducted at sources		41,567,342	24,398,814	2,368,672	786,124
Other current assets, net	11	12,434,364	6,368,343	6,387,149	2,319,047
Total current assets		711,400,860	714,980,622	414,744,370	209,615,100
Non-current assets					
Investments in subsidiaries, net	12	-	-	838,144,074	838,144,074
Other long-term investment, net	13	-	-	-	-
Building and equipment, net	14	16,444,424	15,561,034	7,504,749	6,585,627
Goodwill, net	15	408,539,570	408,539,570	-	-
Computer program, net	15	3,119,905	3,333,165	1,170,851	1,395,387
Film rights, net	15	391,427,383	388,347,037	450,000	450,000
Other non-current assets, net	16	1,451,647	2,128,097	1,074,356	1,060,506
Total non-current assets		820,982,929	817,908,903	848,344,030	847,635,594
Total assets		1,532,383,789	1,532,889,525	1,263,088,400	1,057,250,694

Director _____ Director _____

The notes on pages 69 to 103 are an integral part of these consolidated and company financial statements.

M Pictures Entertainment Public Company Limited
Statements of Financial Position (Cont'd)
As at 31 December 2011 and 2010

		Unit: Baht			
		Consolidated		Company	
Notes		2011	2010	2011	2010
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term borrowings					
from financial institutions	18	473,121,537	197,571,215	-	-
Trade accounts and other payable	17	232,676,143	221,241,887	80,650,550	39,043,604
Current portion of long-term borrowings					
from financial institutions	18	5,218,435	130,000,000	-	-
Current portion of liability under finance lease		827,953	634,040	189,058	-
Short-term borrowings from related parties (27 v)		59,000,000	250,000,000	347,250,000	260,000,000
Undue output VAT		11,270,403	10,134,530	18,598,091	10,506,015
Provision for sales return		52,516,963	37,662,055	-	-
Other current liabilities		7,388,288	8,373,240	1,708,705	338,336
Total current liabilities		842,019,722	855,616,967	448,396,404	309,887,955
Non-current liabilities					
Long-term borrowings from financial institutions	18	2,436,975	38,125,000	-	-
Liabilities under finance lease		1,521,766	1,584,554	576,107	-
Employee benefits obligation	19	3,760,376	-	2,924,223	-
Other non-current liabilities	27 iii)	-	-	747,000	360,000
Total non-current liabilities		7,719,117	39,709,554	4,247,330	360,000
Total liabilities		849,738,839	895,326,521	452,643,734	310,247,955

The notes on pages 69 to 103 are an integral part of these consolidated and company financial statements.

M Pictures Entertainment Public Company Limited**Statements of Financial Position (Cont'd)****As at 31 December 2011 and 2010**

		Unit: Baht			
		Consolidated		Company	
Notes		2011	2010	2011	2010
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital					
Authorised share capital	20				
641.25 million ordinary shares of par Baht 1 each		641,250,000	641,250,000	641,250,000	641,250,000
Issued and fully paid-up share capital					
641.25 million ordinary shares of par Baht 1 each		641,250,000	641,250,000	641,250,000	641,250,000
Share premium	20	105,752,737	304,110,374	105,752,737	304,110,374
Retained earnings (deficits)					
Appropriated-legal reserve	21	3,813,156	-	3,813,156	-
Unappropriated		(68,181,172)	(307,807,599)	59,628,773	(198,357,635)
Equity attributable to owners of the parent		682,634,721	637,552,775	810,444,666	747,002,739
Non-controlling interest	22	10,229	10,229	-	-
Total shareholders' equity		682,644,950	637,563,004	810,444,666	747,002,739
Total liabilities and shareholders' equity		1,532,383,789	1,532,889,525	1,263,088,400	1,057,250,694

The notes on pages 69 to 103 are an integral part of these consolidated and company financial statements.

M Pictures Entertainment Public Company Limited
Statements of Income
For the years ended 31 December 2011 and 2010

		Unit: Baht			
	Notes	Consolidated		Company	
		2011	2010	2011	2010
Revenues	27				
Revenues from films production and film rights distribution		264,463,077	283,501,861	12,792,000	-
Sales of VCD and DVD		699,080,757	794,861,884	-	-
Management fee income		-	-	92,523,365	84,112,150
Advertising income		86,607,295	45,999,520	54,455,969	15,000,000
Total revenues		<u>1,050,151,129</u>	<u>1,124,363,265</u>	<u>159,771,334</u>	<u>99,112,150</u>
Cost of sales and services	27				
Cost of film production and film rights		146,911,068	163,884,069	3,907,438	-
Cost of VCD and DVD sold		508,942,821	561,518,353	-	-
Cost of advertising		1,308,666	1,260,871	17,960,000	-
Total cost of sales and services		<u>657,162,555</u>	<u>726,663,293</u>	<u>21,867,438</u>	<u>-</u>
Gross profit		392,988,574	397,699,972	137,903,896	99,112,150
Other income		6,444,730	15,563,285	8,938,799	4,618,120
Selling expenses		(168,320,832)	(196,396,092)	(552,001)	(30,000)
Administrative expenses		(136,435,504)	(133,186,798)	(46,080,189)	(46,183,381)
Finance costs	24	(33,549,467)	(40,187,547)	(21,355,148)	(14,595,110)
Profit before income tax		61,127,501	43,492,820	78,855,357	42,921,779
Income tax		-	-	-	-
Net profit for the year		<u>61,127,501</u>	<u>43,492,820</u>	<u>78,855,357</u>	<u>42,921,779</u>
Profit attributable to:					
Shareholders of the parent		61,127,501	43,492,820	78,855,357	42,921,779
Non-controlling interest		-	-	-	-
		<u>61,127,501</u>	<u>43,492,820</u>	<u>78,855,357</u>	<u>42,921,779</u>
Earnings per share					
Basic earnings per share	25	0.10	0.07	0.12	0.07

The notes on pages 69 to 103 are an integral part of these consolidated and company financial statements.

M Pictures Entertainment Public Company Limited
Statements of Comprehensive Income
For the years ended 31 December 2011 and 2010

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Net profit for the year	61,127,501	43,492,820	78,855,357	42,921,779
Other comprehensive income	-	-	-	-
Comprehensive income for the year	<u>61,127,501</u>	<u>43,492,820</u>	<u>78,855,357</u>	<u>42,921,779</u>
Attributable comprehensive income to:				
Shareholders of the parent	61,127,501	43,492,820	78,855,357	42,921,779
Non-controlling interest	-	-	-	-
	<u>61,127,501</u>	<u>43,492,820</u>	<u>78,855,357</u>	<u>42,921,779</u>

The notes on pages 69 to 103 are an integral part of these consolidated and company financial statements.

M Pictures Entertainment Public Company Limited
Statements of Changes in Shareholders' Equity
For the years ended 31 December 2011 and 2010

	Consolidated						Unit: Baht
	Attributable to shareholders of the Parent						
	Issued and fully paid-up share capital	Share premium	Legal reserve	Unappropriate retained earnings (Deficits)	Total attributable to shareholders of the Parent	Non-controlling interests	Total
Opening balance as at 1 January 2010	641,250,000	304,110,374	-	(351,300,419)	594,059,955	10,229	594,070,184
Profit for the year	-	-	-	43,492,820	43,492,820	-	43,492,820
Closing balance as at 31 December 2010	641,250,000	304,110,374	-	(307,807,599)	637,552,775	10,229	637,563,004
Opening balance as at 1 January 2011	641,250,000	304,110,374	-	(307,807,599)	637,552,775	10,229	637,563,004
Retrospective adjustment due to change in accounting policy	-	-	-	(3,224,356)	(3,224,356)	-	(3,224,356)
Opening balance after adjustment	641,250,000	304,110,374	-	(311,031,955)	634,328,419	10,229	634,338,648
Changes in shareholders'equity for year							
Transfer share premium to offset with deficits	-	(198,357,637)	-	198,357,637	-	-	-
Profit for the year	-	-	-	61,127,501	61,127,501	-	61,127,501
Legal reserve	-	-	3,813,156	(3,813,156)	-	-	-
Dividends paid	-	-	-	(12,821,199)	(12,821,199)	-	(12,821,199)
Closing balance as at 31 December 2011	641,250,000	105,752,737	3,813,156	(68,181,172)	682,634,721	10,229	682,644,950

The notes on pages 69 to 103 are an integral part of these consolidated and company financial statements.

M Pictures Entertainment Public Company Limited
Statements of Changes in Shareholders' Equity (Cont'd)
For the years ended 31 December 2011 and 2010

	Company				Unit: Baht
	Issued and fully paid-up share capital	Share premium	Legal reserve	Unappropriate retained earnings (Deficits)	Total
Notes					
Opening balance as at 1 January 2010	641,250,000	304,110,374	-	(241,279,414)	704,080,960
Profit for the year	-	-	-	42,921,779	42,921,779
Closing balance as at 31 December 2010	641,250,000	304,110,374	-	(198,357,635)	747,002,739
Opening balance as at 1 January 2011	641,250,000	304,110,374	-	(198,357,635)	747,002,739
Retrospective adjustment due to change in accounting policy	-	-	-	(2,592,231)	(2,592,231)
Opening balance after adjustment	641,250,000	304,110,374	-	(200,949,866)	744,410,508
Changes in shareholders' equity for year					
Transfer share premium to offset with deficits	-	(198,357,637)	-	198,357,637	-
Profit for the year	-	-	-	78,855,357	78,855,357
Legal reserve	-	-	3,813,156	(3,813,156)	-
Dividends paid	-	-	-	(12,821,199)	(12,821,199)
Closing balance as at 31 December 2011	641,250,000	105,752,737	3,813,156	59,628,773	810,444,666

The notes on pages 69 to 103 are an integral part of these consolidated and company financial statements.

M Pictures Entertainment Public Company Limited

Statements of Cash Flows

For the years ended 31 December 2011 and 2010

	Notes	Unit: Baht			
		Consolidated		Company	
		2011	2010	2011	2010
Cash flows from operating activities					
Profit before income tax		61,127,501	43,492,820	78,855,357	42,921,779
Adjustments for:					
Depreciation and amortisation charge	14, 15	382,406,706	533,024,050	5,548,364	2,097,791
Interest income		(438,738)	(675,726)	(5,855,373)	(3,169,608)
Interest expense		33,549,467	40,187,547	21,355,148	14,595,110
Bad debt and doubtful accounts		2,417,480	4,206,179	316,879	1,200,055
Provision for sales return		14,854,908	13,928,641	-	-
Allowance for impairment of inventories		2,380,953	6,949,124	-	-
Write-off withholding tax		69,367	3,526,279	-	3,493,177
Loss (gain) on disposal and write-off of equipment and intangible assets		(195,096)	4,332,996	27,328	2,385,616
Loss from impairment of film rights	15	7,864,890	10,125,568	-	-
Loss from impairment of investments in subsidiaries	12	-	-	-	7,000,000
Impairment of equipment	14	-	1,025	-	-
Write-off other assets and accrued income		-	152,275	-	152,275
Employee benefits obligation	19	536,020	-	331,992	-
Changes in working capital: (excluding the effects of acquisition and disposal of subsidiaries)					
- trade accounts receivable and other receivable		101,330,708	(66,374,265)	(192,338,716)	(128,521,281)
- inventories		(28,023,855)	(16,096,697)	-	-
- films under production		(5,864,790)	46,596,355	-	-
- VAT receivable		1,223,521	4,407,518	2,374,619	(293,769)
- advances to employees		(42,340,195)	1,280,121	-	-
- other current assets		(6,189,727)	5,965,555	(4,009,580)	(1,514,168)
- other non-current assets		676,450	2,116,369	(13,850)	2,062,294
- trade accounts and other payable		1,198,421	6,221,183	36,211,043	17,581,398
- undue output VAT		1,581,116	2,152,564	8,537,319	8,399,089
- other current liabilities		(984,953)	(4,676,099)	1,370,370	9,991
- other non-current liabilities		-	-	387,000	-
Cash flows from operating activities		527,180,154	640,843,382	(46,902,100)	(31,600,251)

The notes on pages 69 to 103 are an integral part of these consolidated and company financial statements.

M Pictures Entertainment Public Company Limited**Statements of Cash Flows (Cont'd)****For the years ended 31 December 2011 and 2010**

Unit: Baht					
		Consolidated		Company	
	Notes	2011	2010	2011	2010
Cash flows from operating activities (Cont'd)					
Cash flows from operating activities		527,180,154	640,843,382	(46,902,100)	(31,600,251)
Add Interest received		276,762	415,713	280,963	83,115
Less Interest paid		(33,512,172)	(47,674,963)	(15,973,176)	(20,782,619)
Withholding tax refunded (paid)		(17,237,895)	(2,096,186)	(1,582,549)	1,662,853
Net cash flows generated from (used in) operating activities		476,706,849	591,487,946	(64,176,862)	(50,636,902)
Cash flows from investing activities					
Repayments received from loans to subsidiaries	27 iv)	-	-	290,530,000	141,227,525
Purchases of equipment		(3,546,498)	(4,418,637)	(1,699,669)	(701,743)
Purchases of intangible assets	15	(48,800)	(705,522)	-	(322,522)
Purchases of film rights	15	(377,795,538)	(472,981,732)	(3,888,311)	-
Loans to subsidiaries	27 iv)	-	-	(294,910,000)	(137,947,300)
Short-term loan to a third party		-	(4,408,268)	-	-
Receipt from short-term loans to a third party		2,747,151	-	-	-
Proceeds from disposals of equipment		91,308	714,956	24,346	-
Net cash receipts from (used in) investing activities		(378,552,377)	(481,799,203)	(9,943,634)	2,255,960
Cash flows from financing activities					
Proceeds from (repayments to) bank overdrafts		8,950,322	(35,058,989)	-	-
Proceeds from short-term borrowings from financial institutions		374,900,000	-	-	-
Proceeds from long-term borrowings from financial institutions		21,800,000	-	-	-
Repayments to long-term borrowings from financial institutions		(182,269,590)	(90,000,000)	-	-
Repayments to short-term borrowings from financial institutions		(108,300,000)	(37,400,000)	-	-
Proceeds from short-term borrowings from subsidiaries and major shareholder	27 v)	200,000,000	207,000,000	623,820,000	311,500,000
Repayments to short-term borrowings from subsidiaries and major shareholder	27 v)	(391,000,000)	(132,054,090)	(536,570,000)	(263,226,790)
Repayment of liabilities under finance lease		(634,040)	(356,905)	-	-
Dividends paid	26	(12,807,271)	-	(12,807,271)	-
Net cash receipts from (used in) financing activities		(89,360,579)	(87,869,984)	74,442,729	48,273,210

The notes on pages 69 to 103 are an integral part of these consolidated and company financial statements.

M Pictures Entertainment Public Company Limited**Statements of Cash Flows (Cont'd)****For the years ended 31 December 2011 and 2010**

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Net increase (decrease) in cash and cash equivalents	8,793,893	21,818,759	322,233	(107,732)
Opening balance of cash and cash equivalents	28,867,576	7,048,817	509,332	617,064
Closing balance of cash and cash equivalents	37,661,469	28,867,576	831,565	509,332

Non-cash transactions

Significant non-cash transactions for the years ended 31 December 2011 and 2010:

	Note	Unit: Baht			
		Consolidated		Company	
		2011	2010	2011	2010
Outstanding payable arising from purchase of equipment		43,000	101,860	-	101,860
Outstanding payables arising from acquisition of film rights		69,880,846	59,742,243	-	-
Outstanding payables arising from finance lease for equipment		706,645	-	706,645	-
Purchase of assets by netting off with loans to third party		1,661,117	-	-	-
Acquisition of an investment netting off short-term loans	12	-	75,000,000	-	75,000,000
Offsetting among related parties balances		-	10,400,000	-	-

The notes on pages 69 to 103 are an integral part of these consolidated and company financial statements.

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

1 General information

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

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

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

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

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

These group consolidated and company financial statements were authorised for issue by the Board of Directors on 13 February 2012.

2 Accounting policies

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

2.1 Basis for preparation

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

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

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

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

2 Accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year. To comply with the announcement of Department of Business Development Regulation dated 7 November 2011 in relation to the format of Financial Statements B.E. 2554, the Group has reclassified trade account and other receivables and payables for 2010 as follows:

	Consolidated	Company
	31 December	31 December
	2010	2010
	Baht	Baht
Trade account receivable and other receivables		
As previously reported		
Trade accounts receivable and accrued income, net	497,995,830	113,753,013
Amount due from related parties	33,102,678	36,602,106
Other receivables, net (included in "Other current assets")	41,290	-
Prepaid expenses	4,123,744	201,925
Reclassified to:		
Trade account and other receivables, net	535,263,542	150,557,044
Trade accounts and other payables		
As previously reported		
Trade accounts and notes payable	139,433,623	1,265,905
Amounts due to related parties	20,903,295	35,422,604
Other payables	19,933,620	245,437
Accrued expenses	40,971,349	2,109,658
Reclassified to:		
Trade accounts and other payables	221,241,887	39,043,604

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

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards

a) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards effective for the periods beginning on or after 1 January 2011 and adopted by the Group:

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting Period
TAS 11 (Revised 2009)	Construction Contracts
TAS 16 (Revised 2009)	Property, Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (Revised 2009)	Borrowing Costs
TAS 24 (Revised 2009)	Related-Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (Revised 2009)	Interests in Joint Ventures
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property
TFRS 2	Share-based Payment
TFRS 3 (Revised 2009)	Business Combinations
TFRS 5 (Revised 2009)	Non-current Assets Held-for-sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate
TSIC 31	Revenue - Barter Transactions Involving Advertising Services

TAS 1 (Revised 2009), the revised standard will prohibit the presentation of items of income and expenses in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. Entities can choose whether to present one statement (the statement of comprehensive income) or two statements (the statement of income and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated statement of financial position as at the beginning comparative period in addition to the current requirement to present statement of financial position at the end of the current period and comparative period. However, for the financial statements which period beginning on or after 1 January 2011 and are the first period apply this standard, an entity can choose to present statement of financial position only two statements without the statement of financial position as at the beginning comparative period. The Group has adopted TAS 1 (Revised 2009) since 1 January 2011. The Group chooses to present two statements (the statement of income and statement of comprehensive income).

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (Cont'd)

a) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards effective for the periods beginning on or after 1 January 2011 and adopted by the Group: (Cont'd)

TAS 16 (Revised 2009), the revised standard requires the entity to include in cost of property, plant and equipment, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has obligation to do so. An entity requires that an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The revised standard also requires an entity to review useful life, residual value and depreciation method at least at each financial year-end. The Group assessed and determined that there is no significant impact from this standard.

TAS 19 deal with accounting for employee benefits. The standard classifies employee benefits into 4 categories: a) short-term employee benefits b) post-employment benefits (including defined contribution plan and defined benefit plan) c) other long-term employee benefits and d) termination benefits. The standard requires the entity to measure the defined benefit plan and other long-term employee benefits by using the Projected Unit Credit method (PUC). An entity can choose to recognise any actuarial gain or loss for defined benefit plan either in other comprehensive income or profit and loss. Actuarial gain or loss for other long-term employee benefit shall recognise in profit and loss.

The Group opts to adjust the impact from new accounting policies adoption against opening retained earnings. The effect of the adoption of the above standards particularly TAS 19 to the statement of financial position as at 1 January 2011 is as follows:

Statements of financial position as at 1 January 2011	Unit : Baht'000	
	Consolidated	Company
Increase in employee benefit obligations and opening balance to deficits	3,224	2,592

There is no significant impact to basic earnings per share.

TAS 23 (Revised 2009), the revised standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group adopted this revised standard prospectively from 1 January 2011 but there is currently not applicable to the Group as there are no qualifying assets.

TAS 24 (Revised 2009), the definition of related party has been expanded include parties with joint control over the entity, joint venture in which the entity is a venture and post-employment benefit plan for the benefit of employees of an entity. The Group has adopted the revised standard with effect from 1 January 2011 which may have an impact only on the disclosure of related parties' information in the notes to financial statements.

TAS 27 (Revised 2009), the revised standard requires the effects of all transactions with non-controlling interests to be recorded in shareholders' equity if there is no change in control and these transactions will no longer result in goodwill or shareholders' gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and gain or loss is recognised in statement of income. The Group has adopted this standard prospectively to transactions with non-controlling interests from 1 January 2011.

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

2.2 New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards (Cont'd)

a) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards effective for the periods beginning on or after 1 January 2011 and adopted by the Group: (Cont'd)

TAS 28 (Revised 2009), on the loss of significant influence, the entity shall measure a remaining investment at fair value and recognise any gain or loss in income statement. The Group has adopted this revised standard with effect from 1 January 2011.

TAS 38 (revised 2009): The revised standard clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has a similar useful economic life. The Group has adopted the revised standard with effect from 1 January 2011. The standard is no significant impact on the Group or company's financial statements.

TFRS 3 (Revised 2009), the revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group has adopted the revised standard prospectively to all business combination with effect from 1 January 2011.

b) New accounting standards, new interpretation and amendments to accounting standards that are not yet effective and have not been early adopted by the Group:

Effective for the period beginning on or after 1 January 2013

TAS 12	Income taxes
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosures of Government Assistance
TAS 21 (Revised 2009)	The Effect of Changes in Foreign Exchange Rates
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

TAS 12 deals with taxes on income, comprising current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are measured by based on the temporary difference between the tax base of an asset or liability and its carrying amount in the financial statements and using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. The principal temporary differences may arise from allowance for doubtful accounts, allowance for obsolete, slow-moving and defective inventories, amortisation of film rights, employee benefits obligations and tax losses carried forward etc. The Group will apply this standard from 1 January 2013 retrospectively with an expected to incur of deferred tax account and changes in retained earnings and income tax expense. The management is currently assessing the impact of applying this standard.

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

2.3 Group accounting - Investments in subsidiaries

a) Subsidiaries

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

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

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

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

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

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

b) Transactions and non-controlling interests

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

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

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

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

2.4 Foreign currency translation

Items included in the financial statements of each entity in the Group are measured using Thai Baht. The consolidated financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

2.5 Cash and cash equivalents

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

2.6 Trade accounts receivable

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

2.7 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of the purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charge, less all attributable discounts, allowances or rebates. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.8 Films under production

Films under production are costs of films under production which will be recognised as cost of films upon the sale or release of the films, basing on the future revenue expected from various channels as detailed in Note 2.12. Costs of films comprise costs directly attributable to films production and are stated at cost.

2.9 Investments

Investments other than investments in subsidiaries are general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

General investments are non-marketable equity are classified as general investments. General investments carried at cost less allowance for impairment loss.

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2 Accounting policies (Cont'd)

2.9 Investments (Cont'd)

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of income.

On disposal of an investment, the difference between fair value of the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average amount of the total holding of the investment.

2.10 Building and equipment

Building and equipment are initially recorded at cost and are subsequently stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line basis to write off the cost of each asset to its residual value over the estimated useful life or, if it is shorter, the lease term, as follows:

Condominium (included in building and building improvement)	20 years
Leasehold improvements	3, 5 years
Tools and equipment	5 years
Furniture, fixtures and office equipment	3, 5 years
Motor vehicles (including vehicles under finance leases)	5 years

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

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.13).

Repairs and maintenance are charged to the statement of income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

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

Interest costs on borrowings to finance the building and equipment are capitalised as part of cost of the asset, during the period of time required to complete and prepare the property for its intended use. The borrowing costs include interest on short-term and long-term borrowings, and related taxes. All other borrowing costs are expenses.

2.11 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

M Pictures Entertainment Public Company Limited
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For the years ended 31 December 2011 and 2010

2 Accounting policies (Cont'd)

2.12 Intangible assets

Film rights

Film rights are capitalised at the purchase price which includes costs directly attributable to the acquisition of rights. Film rights are amortised and charged to direct costs of exhibition, VCD and DVD and TV broadcasting at the ratio relating to the expected revenue earned from each of the revenue-generated channels over the lifetime of rights this is normally from 2 to 10 years. In the event that a loss is anticipated for each right, an amount equivalent to this loss will be written-off in the statement of income immediately.

Computer software

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

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

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

2.13 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Assets other than goodwill that suffered an impairment are reversed for possible impairment loss of the estimation of the recoverable amount were changed in subsequent period after the Group's recognition of impairment.

2.14 Leases - where a Group Company is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

2 Accounting policies (Cont'd)

2.15 Borrowings

Borrowings are recognised initially at the proceeds, net of transaction costs incurred and subsequently stated at cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

2.16 Employee benefits

2.16.1 Pension obligations

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

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

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

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

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

2.16.2 Termination benefits

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

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

2 Accounting policies (Cont'd)

2.16 Employee benefits (Cont'd)

2.16.3 Profit-sharing and bonus plans

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

2.17 Provisions

Provisions, excluding the provisions for employee benefits, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain.

2.18 Provision for goods returns

Provision for goods returns in relation to VCDs and DVDs is estimated based on historical experience and other relevant market factors. Provision for goods returns is computed from sales profit margin and presented on a net basis as a deduction from gross sales concerned.

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services net of output tax, rebates and discounts, and after eliminating sales within the Group for the consolidated financial statements.

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

Revenue from film production and sales of film rights distribution is recognised as follow;

- Revenue from box-office sharing between the licensor and theatre owner is recognised when the film rights/film production have been exhibited.
- Sales of film rights and VCD and DVD are based on invoiced netted of output tax, rebates and discounts. Revenue from sales of goods and rights is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.
- Royalty fees film rights or film production are charged at fixed amounts in which the cannot refund and the licensor has no further obligations subsequent to granting the rights, from the use of loyalty fees are recognised as revenue in full when the licensee is entitled to exploit the rights under the terms of the agreement.
- Revenue from advertising is recognised when the media are appeared.

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

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

2 Accounting policies (Cont'd)

2.20 Dividend payment

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

2.21 Income tax

The Group calculates income tax in accordance with the Revenue Code and records income tax on an accrual basis.

The Group does not recognise income taxes payable or receivable in future periods in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences may arise from allowance for doubtful accounts, allowance for obsolete, slow-moving and defective inventories, amortisation of film rights, employee benefits obligations and tax losses carried forward.

2.22 Financial instruments

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

2.23 Segment reporting

Segment information has been prepared based on the internal report of the Group, which disaggregates its business by services or products.

3 Financial risk management

3.1 Financial risk factors

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

3.1.1 Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. However, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The loan interest rates of the Group are partially floated. The Group does not use the interest rate derivative to manage exposure from fluctuation in interest rate on specific borrowing.

3.1.2 Foreign exchange risk

The Group has significant exposure to foreign currency risk because its accounts payable are mainly dominated in various currencies. The Group does not use any derivative financial instruments to hedge foreign currency exposure.

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
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3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.3 Credit risk

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products and services are made to customers with appropriate credit history. The management of the Group believes that the maximum exposure to credit risk is the carrying amount of the accounts receivable less allowance for doubtful accounts, as stated in the consolidated balance sheet.

3.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

3.2 Fair value

The fair values of financial assets and liabilities with a maturity of less than one year are approximate their book values. Loans made with related parties carried an interest approximately at the market interest rate. Management believed that their net book values are assumed to approximate their fair value.

4 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated by the management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

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

(a) Impairment of receivables

The Group maintains an allowance for doubtful accounts to reflect impairment of trade receivables relating to estimated losses resulting from the inability of customers to make required payments. The allowance for doubtful accounts is significantly impacted by the Group's assessment of future cash flows, such assessment being based on consideration of historical collection experience, known and identified instances of default and consideration of market trends.

(b) Allowance for obsolete, slow-moving and defective inventories

The Group has made allowance, where necessary, for obsolete, slow moving and defective inventories by estimating the net realisable value was calculated from the selling price in the ordinary course of business, less the cost of completion and selling expenses. Furthermore, the calculation of the net realisable estimation was based on historical experience, management's knowledge of the industry and future market trends.

M Pictures Entertainment Public Company Limited
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4 Critical accounting estimates, assumptions and judgements

4.1 Critical accounting estimates and assumptions (Cont'd)

(c) Valuation of movies under production

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

(d) Building and equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's plant and equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previously estimation, or will write off or write down technically obsolete or assets that have been abandoned or sold.

(e) Impairment of goodwill

The Group conducts an annual impairment test on goodwill to determine whether goodwill has suffered impairment loss as disclosed in the accounting policy per note 2.11. The impairment test involves the comparison of the carrying value of goodwill to the recoverable amount from a cash-generating unit (CGU). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level of each identifiable cash flows (cash-generating unit). The Group has engaged an independent certified financial advisor to assess the recoverable amount. The recoverable amount assessment is based on a ten-year cash flow projection by referencing to an approved 5-year financial and business plan by management. Cash flows beyond the 5-year horizon are based on the estimated growth rate which does not exceed the average growth rate achieved by the CGU in the past.

Key assumptions used in the recoverable amount assessment include:

Growth rate 2.6%
Discounted rate and probability

M Pictures Co., Ltd **Unit: Million Baht**

Scenario	Discount rate	Recoverable amount	Probability
Pessimistic Case	10.9%	360	15%
Base Case	9.9%	425	70%
Optimistic Case	8.9%	510	15%

M V D Co., Ltd **Unit: Million Baht**

Scenario	Discount rate	Recoverable amount	Probability
Pessimistic Case	10.7%	436	15%
Base Case	9.7%	507	70%
Optimistic Case	8.7%	601	15%

Management has prepared the financial projection based on historical financial performance and the estimated growth of the market which is consistent with the historical data. The discount rates applied are estimated based on the weighted average cost of capital (WACC) of each CGU.

Factors affecting the pessimistic or optimistic cases are such as obtaining or losing distribution contracts with studios and severe flood. The financial advisor has recommended to use the fair value less cost to sell weighted with the probability of each cases.

Fair value less costs to sell as at 31 December 2011 of M Pictures Co., Ltd and M V D Co., Ltd according to the conclusion of the financial advisor is higher than the carrying value of investments and goodwill of these subsidiaries. Therefore, there is no impairment loss to be recognised.

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

4.1 Critical accounting estimates and assumptions (Cont'd)

(f) Provision for goods returns

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

(g) Revenue/Amortisation of film rights

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

(h) Employee benefits obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the market yield of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 19.

5 Capital risk management

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

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

M Pictures Entertainment Public Company Limited
Notes to the Consolidated and Company Financial Statements
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6 Segment information

Financial information by business segments are as follows:-

For the year ended 31 December 2011

	Consolidated			Unit : Baht
	Film rights distribution	VCD/DVD distribution	Film production	Others Consolidated
Revenues				
Gross segment revenues	275,275,935	699,080,757	224,311,203	1,198,667,895
Inter - segment revenues	(112,510,878)	-	(36,005,888)	(148,516,766)
Net revenues from third parties	162,765,057	699,080,757	188,305,315	1,050,151,129
Segment result	59,427,665	58,296,371	15,485,295	133,138,704
Unallocated costs				(44,906,466)
Other income				6,444,730
Interest expense				(33,549,467)
Profit before income tax				61,127,501
Income tax				-
Net profit for the year				61,127,501
Segment fixed assets				
Building and equipment, net	3,388,002	9,673,731	3,382,691	16,444,424
Film rights, net	200,127,449	169,545,451	21,754,483	391,427,383
Unallocated assets				1,124,511,982
Consolidated total assets				1,532,383,789
Loss from impairment of film rights	(5,622,516)	(2,242,374)	-	(7,864,890)

M Pictures Entertainment Public Company Limited
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6 Segment information (Cont'd)

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

For the year ended 31 December 2010

	Consolidated			Unit : Baht	
	Film rights distribution	VCD/DVD distribution	Film production	Others	Consolidated
Revenues					
Gross segment revenues	303,042,774	794,885,884	282,148,607	-	1,380,077,265
Inter - segment revenues	(175,690,000)	(24,000)	(80,000,000)	-	(255,714,000)
Net revenues from third parties	127,352,774	794,861,884	202,148,607	-	1,124,363,265
Segment result	13,840,648	119,726,630	(27,374,485)	(1,042,702)	105,150,091
Unallocated costs					(37,033,009)
Other income					15,563,285
Interest expense					(40,187,547)
Profit before income tax					43,492,820
Income tax					-
Net profit for the year					43,492,820
Segment fixed assets					
Building and equipment, net	1,226,089	9,723,266	4,611,679	-	15,561,034
Film rights, net	178,683,050	187,749,579	21,914,408	-	388,347,037
Unallocated assets					1,128,981,454
Consolidated total assets					1,532,889,525
Loss from impairment of film rights	(13,859,011)	(766,557)	4,500,000	-	(10,125,568)

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6 Segment information (Cont'd)

Unallocated costs represent corporate expenses. Segment assets consist primarily plant and equipment, intangible assets, and operating cash.

Liabilities are mainly borrowings purposed to be used for all segments and for the Group's liquidity. Accordingly, the Group does not present the liabilities segment information.

7 Cash and cash equivalents

	Consolidated		Company	
	2011	2010	2011	2010
Cash on hand	128,285	181,047	11,825	22,652
Deposits held at call with banks	37,524,088	28,677,510	810,644	477,661
Fixed accounts	9,096	9,019	9,096	9,019
Cash and cash equivalents	<u>37,661,469</u>	<u>28,867,576</u>	<u>831,565</u>	<u>509,332</u>

The interest rates on deposits held at call with banks are ranging from 1.00% to 2.75% per annum (2010: 0.65% to 1.25% per annum).

8 Trade accounts and other receivables, net

	Consolidated		Company	
	2011	2010	2011	2010
Trade accounts receivable				
-Third parties	326,727,662	480,418,842	22,514,544	28,498,507
-Related parties (Note 27)	76,045,912	26,001,501	270,847,874	88,000,000
Total trade accounts receivable	<u>402,773,574</u>	<u>506,420,343</u>	<u>293,362,418</u>	<u>116,498,507</u>
Accrued income				
-Third parties	16,659,426	12,814,903	-	-
-Related parties (Note 27)	11,996,716	8,399,175	-	16,050,000
Total accrued income	<u>28,656,142</u>	<u>21,214,078</u>	<u>-</u>	<u>16,050,000</u>
Total trade accounts receivable and accrued income	<u>431,429,716</u>	<u>527,634,421</u>	<u>293,362,418</u>	<u>132,548,507</u>
<u>Less</u> Allowance for doubtful accounts	<u>(26,745,341)</u>	<u>(29,638,591)</u>	<u>(19,044,372)</u>	<u>(18,795,494)</u>
Trade accounts receivable and accrued income, net	<u>404,684,375</u>	<u>497,995,830</u>	<u>274,318,046</u>	<u>113,753,013</u>
Amount due from related parties (Note 27)	1,002,678	33,102,678	70,445,477	36,602,106
Other account receivables	22,047,306	20,842,292	18,794,183	16,062,148
Prepaid expenses	24,505,883	4,123,744	212,492	201,925
<u>Less</u> Allowance for doubtful accounts other account receivables	<u>(20,801,002)</u>	<u>(20,801,002)</u>	<u>(16,062,148)</u>	<u>(16,062,148)</u>
Trade account and other receivables, net	<u>431,439,240</u>	<u>535,263,542</u>	<u>347,708,050</u>	<u>150,557,044</u>

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8 Trade accounts and other receivables, net (Cont'd)

Outstanding trade accounts receivable and accrued income as at 31 December can be analysed according to ages as follows:

	Consolidated		Company	
	2011	2010	2011	2010
	Unit :Baht			
Trade accounts receivable				
Current	218,052,556	363,687,352	78,068,846	9,500,000
Over-due less than 3 months	127,192,733	50,606,439	24,509,986	20,500,000
Over-due 3 - 6 months	10,101,555	12,254,021	31,949,300	22,500,000
Over-due 6 - 12 months	691,458	14,315,882	61,050,000	35,500,000
Over-due over 12 months	46,735,272	65,556,649	97,784,286	28,498,507
Total trade accounts receivable	402,773,574	506,420,343	293,362,418	116,498,507
Accrued income	28,656,142	21,214,078	-	16,050,000
Total trade accounts receivable and accrued income	431,429,716	527,634,421	293,362,418	132,548,507
<u>Less</u> Allowance for doubtful accounts	(26,745,341)	(29,638,591)	(19,044,372)	(18,795,494)
Trade accounts receivable and accrued income, net	404,684,375	497,995,830	274,318,046	113,753,013

9 Short-term loan to third party, net

	Consolidated		Company	
	2011	2010	2011	2010
	Unit: Baht			
Short-term loan to third party	1,700,000	6,108,268	1,700,000	1,700,000
<u>Less</u> Allowance for doubtful account	(1,700,000)	(1,700,000)	(1,700,000)	(1,700,000)
Short-term loan to the third party, net	-	4,408,268	-	-

Short-term loan to third party represents unsecured promissory notes due at call bearing interest at the rate of 4.00% per annum (2010: 4.00% and 8.50% per annum).

10 Inventories, net

	Consolidated		Company	
	2011	2010	2011	2010
	Unit: Baht			
Finished goods	108,273,414	84,073,444	-	-
<u>Less</u> Allowance for obsolescence	(78,536)	(497,881)	-	-
Allowance for diminution in value of inventories	(7,035,520)	(8,799,503)	-	-
Total finished goods, net	101,159,358	74,776,060	-	-
Goods in transit	3,082,003	3,822,399	-	-
Inventories, net	104,241,361	78,598,459	-	-

The allowance for obsolescence and diminution in value of inventories were recognised in the consolidated statement of income amounting to Baht 2.38 million (2010: Baht 6.95 million).

As at 31 December 2011, inventories with a value of Baht 40.85 million (2010: Baht 21.50 million) are carried at net realisable value, which is lower than cost.

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11 Other current assets, net

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Undue input VAT	7,776,346	5,731,562	4,468,588	2,227,700
Interest receivable, net	-	203,155	-	-
Others	4,658,018	433,626	1,918,561	91,347
Other current assets	12,434,364	6,368,343	6,387,149	2,319,047

12 Investments in subsidiaries, net

Investments in subsidiaries as at 31 December are as follows:

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Investment in subsidiaries	-	-	943,480,567	943,480,567
<u>Less</u> Allowance for impairment	-	-	(105,336,493)	(105,336,493)
Investment in subsidiaries, net	-	-	838,144,074	838,144,074

a) Movements of investments in subsidiaries

	Unit: Baht	
	Company	
	2011	2010
Investment in subsidiaries		
Opening net book amount	838,144,074	770,144,074
Acquisition of investments	-	75,000,000
<u>Less</u> Impairment	-	(7,000,000)
Closing net book amount	838,144,074	838,144,074

Acquisition of investment in subsidiaries: 2010

M Thirty Nine Company Limited

On 1 March 2010, the Company acquired 999,997 shares in M Thirty Nine Company Limited from M V D Company Limited ("M V D") at Baht 75 per share, representing 99.99% of registered and paid-up share capital, at a total consideration of Baht 75 million (net book value). Settlements were made through netting off short-term loans to M V D.

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12 Investments in subsidiaries, net (Cont'd)

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

Subsidiaries	Nature of business	Nature of relationship	% Ownership interest		Unit: Baht	
			2011	2010	At cost	
					2011	2010
TV Forum Company Limited	Television media business	Shareholder	99.99	99.99	99,999,300	99,999,300
M Pictures Company Limited	Distribution of film rights for cinema, VCD/DVD production and TV broadcast	Shareholder	99.99	99.99	369,997,760	369,997,760
M V D Company Limited	Distribution of VCD/DVD, Blu-ray and film rights	Shareholder	99.99	99.99	398,483,507	398,483,507
M Thirty Nine Company Limited	Film production	Shareholder	99.99	99.99	75,000,000	75,000,000
Total investments in subsidiaries					943,480,567	943,480,567
<u>Less</u> Allowance for impairment					(105,336,493)	(105,336,493)
Investments in subsidiaries, net					<u>838,144,074</u>	<u>838,144,074</u>

Subsidiaries under M V D Company Limited

Pacific Media Sale Company Limited	Distribution of CD, VCD and DVD	Indirect shareholder	99.40	99.40
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All subsidiaries are incorporated in Thailand. All holdings are investments in ordinary shares.

13 Other long-term investment, net

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Other long-term investment - Future Biz Co., Ltd.	8,500,000	8,500,000	8,500,000	8,500,000
<u>Less</u> Allowance for impairment	<u>(8,500,000)</u>	<u>(8,500,000)</u>	<u>(8,500,000)</u>	<u>(8,500,000)</u>
Other long-term investment, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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14 Building and equipment, net

	Consolidated				Unit: Baht
	Building and building improvements	Office equipment	Motor vehicles	Construction in progress	Total
At 1 January 2010					
Cost	18,957,593	41,035,217	1,427,521	-	61,420,331
<u>Less</u> Accumulated depreciation	(7,693,711)	(30,670,549)	(849,472)	-	(39,213,732)
Allowance for impairment	(382,369)	(4,557,634)	-	-	(4,940,003)
Net book value	10,881,513	5,807,034	578,049	-	17,266,596
For the year ended 31 December 2010					
Opening net book value	10,881,513	5,807,034	578,049	-	17,266,596
Additions	709,550	2,776,087	3,099,000	18,000	6,602,637
Transfers	18,000	-	-	(18,000)	-
Reclassify, net	(1,589,038)	1,554,785	-	-	(34,253)
Disposals, net	-	(13,386)	(387,973)	-	(401,359)
Write off, net	(2,385,517)	(10,483)	-	-	(2,396,000)
Depreciation charge (Note 23)	(1,808,653)	(3,283,252)	(383,657)	-	(5,475,562)
Impairment charge	-	(1,025)	-	-	(1,025)
Closing net book value	5,825,855	6,829,760	2,905,419	-	15,561,034
At 31 December 2010					
Cost	10,366,303	27,195,013	3,099,000	-	40,660,316
<u>Less</u> Accumulated depreciation	(4,516,164)	(19,578,605)	(193,581)	-	(24,288,350)
Allowance for impairment	(24,284)	(786,648)	-	-	(810,932)
Net book value	5,825,855	6,829,760	2,905,419	-	15,561,034
For the year ended 31 December 2011					
Opening net book value	5,825,855	6,829,760	2,905,419	-	15,561,034
Additions	787,224	4,988,518	-	-	5,775,742
Disposals, net	-	(465,327)	-	-	(465,327)
Write off, net	-	(33,925)	-	-	(33,925)
Depreciation charge (Note 23)	(1,083,330)	(3,100,933)	(619,800)	-	(4,804,063)
Reverse impairment charge	-	410,963	-	-	410,963
Closing net book value	5,529,749	8,629,056	2,285,619	-	16,444,424
At 31 December 2011					
Cost	11,153,527	25,772,462	3,099,000	-	40,024,989
<u>Less</u> Accumulated depreciation	(5,599,494)	(16,767,721)	(813,381)	-	(23,180,596)
Allowance for impairment	(24,284)	(375,685)	-	-	(399,969)
Net book value	5,529,749	8,629,056	2,285,619	-	16,444,424

As at 31 December 2011, the Company has pledged the condominium with the cost of Baht 8.97 million (2010: Baht 8.97 million) as collateral against borrowing facility obtained from the commercial bank (Note 18).

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14 Building and equipment, net (Cont'd)

At 1 January 2010

Cost
Less Accumulated depreciation
 Allowance for impairment

Net book value

**For the year ended
 31 December 2010**

Opening net book value
 Additions
 Write-off, net
 Depreciation charge (Note 23)

Closing net book value

At 31 December 2011

Cost
Less Accumulated depreciation

Net book value

For the year ended 31 December 2011

Opening net book value
 Additions
 Disposals, net
 Write-off, net
 Depreciation charge (Note 23)

Closing net book value

At 31 December 2011

Cost
Less Accumulated depreciation

Net book value

As at 31 December 2011, the costs of fully depreciated property and equipment that are still in use are amounting to Baht 9.49 million (2010: Baht 12.89 million), and Baht 2.74 million (2010: Baht 2.77 million) in the consolidated and Company's financial statements.

Included in additions during 2011 in the consolidated financial statements are assets acquired under finance lease agreements Baht 0.96 million (2010: Baht 3.10 million).

Leased motor vehicle included above, where the Group is a lessee under finance lease contract, is as follows:

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Cost - capitalised finance leases	4,257,210	3,099,000	963,210	-
<u>Less</u> Accumulated depreciation	(1,018,039)	(193,581)	(100,858)	-
Net book amount	3,239,171	2,905,419	862,352	-

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15 Intangible assets, net

	Consolidated			Unit: Baht
	Goodwill	Computer program	Film rights	Company Computer program and film rights
At 1 January 2010				
Cost	408,539,570	6,498,083	1,547,544,541	10,922,840
<u>Less</u> Accumulated amortisation	-	(3,060,973)	(1,026,473,088)	(9,180,577)
Allowance for impairment	-	-	(29,843,511)	-
Net book value	408,539,570	3,437,110	491,227,942	1,742,263
For the year ended 31 December 2010				
Opening net book value	408,539,570	3,437,110	491,227,942	1,742,263
Additions	-	705,522	436,200,024	322,522
Reclassify, net	-	34,253	-	-
Write-off, net	-	-	(2,250,593)	-
Amortisation (Note 23)	-	(843,720)	(526,704,768)	(219,398)
Impairment charge	-	-	(10,125,568)	-
Closing net book value	408,539,570	3,333,165	388,347,037	1,845,387
At 31 December 2010				
Cost	408,539,570	7,238,371	1,678,648,566	11,245,362
<u>Less</u> Accumulated amortisation	-	(3,905,206)	(1,255,306,789)	(9,399,975)
Allowance for impairment	-	-	(34,994,740)	-
Net book value	408,539,570	3,333,165	388,347,037	1,845,387
For the year ended 31 December 2011				
Opening net book value	408,539,570	3,333,165	388,347,037	1,845,387
Additions	-	402,800	387,934,141	3,888,311
Write-off, net	-	(2,322)	-	-
Amortisation (Note 23)	-	(613,738)	(376,988,905)	(4,112,847)
Impairment charge	-	-	(7,864,890)	-
Closing net book value	408,539,570	3,119,905	391,427,383	1,620,851
At 31 December 2011				
Cost	408,539,570	6,434,585	1,939,691,326	15,133,673
<u>Less</u> Accumulated amortisation	-	(3,314,680)	(1,508,750,344)	(13,512,822)
Allowance for impairment	-	-	(39,513,599)	-
Net book value	408,539,570	3,119,905	391,427,383	1,620,851

16 Other non-current assets, net

	Consolidated		Company		Unit: Baht
	2011	2010	2011	2010	
Guarantees on buildings rental and others	1,426,974	2,103,424	1,074,356	1,060,506	
Others	24,673	24,673	-	-	
Total other non-current assets, net	1,451,647	2,128,097	1,074,356	1,060,506	

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17 Trade accounts and other payables

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Trade accounts payable	120,157,049	139,433,623	1,000,208	1,265,905
Amount due to related parties (Note 27)	2,201,176	20,903,295	74,297,856	35,422,604
Other payables	66,789,148	19,933,620	151,708	245,437
Accrued expenses	43,528,770	40,971,349	5,200,778	2,109,658
Total trade accounts and other payables	232,676,143	221,241,887	80,650,550	39,043,604

18 Borrowings

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Current				
Bank overdrafts	26,521,537	17,571,215	-	-
Short-term borrowings from financial institutions	446,600,000	180,000,000	-	-
Total bank overdrafts and short-term borrowings from financial institutions	473,121,537	180,000,000	-	-
Current portions of long-term borrowings from financial institutions	5,218,435	130,000,000	-	-
Non-current				
Long-term borrowings from financial institutions	2,436,975	38,125,000	-	-
Total borrowings from financial institutions	480,776,948	365,696,215	-	-

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

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Borrowings:				
- at fixed rates	446,600,000	140,000,000	-	-
- at floating rates	34,176,948	225,696,215	-	-
Total borrowings	480,776,948	365,696,215	-	-

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

	Consolidated		Company	
	2011	2010	2011	2010
Bank overdrafts	6.250-7.550%	6.000-6.400%	-	-
Bank borrowings	6.000-7.125%	5.750-6.000%	-	-
Bank promissory notes	6.250-6.625%	5.000-5.375%	-	-

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18 Borrowings (Cont'd)

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

	Consolidated		Company	
	2011	2010	2011	2010
Opening balance	348,125,000	475,525,000	-	-
Additions	396,700,000	90,000,000	-	-
Repayments made during the year	(290,569,590)	(217,400,000)	-	-
Closing balance	454,255,410	348,125,000	-	-
Maturity of bank borrowings:				
Within 1 year	5,218,435	130,000,000	-	-
Between 1 year and 2 years	2,436,975	38,125,000	-	-
Total long-term borrowings from financial institutions	7,655,410	168,125,000	-	-

Long-term borrowings from financial institutions represent loans denominated in Thai Baht. These loans bearing interest at the Minimum Lending Rate ("MLR") minus 0.500% or 6.000% to 7.125% per annum (2010: 0.500% or 5.750% to 6.000% per annum)

Promissory notes of Baht 56.60 million and Baht 390.00 million bearing interest at the Minimum Lending Rate ("MLR") or 6.250% to 6.625% per annum and at the Money Market Rate ("MMR") or 6.330% to 6.450 % per annum, respectively (2010: 5.000% to 5.375% per annum). The promissory notes are due within three months.

All credit facilities and bank overdrafts of Baht 479 million of the Group and of the Company are guarantee by the major shareholder.

Borrowing facilities

As at 31 December 2011, the available credit facilities from financial institutions of the Group are Baht 609.22 million (2010: Baht 314.30 million). Borrowing facilities are mainly for the purpose of acquisitions of film rights, film productions and working capital.

19 Employee benefit obligations

	Consolidated		Company	
	2011	2010	2011	2010
Statement of financial position				
Pension benefits	3,760,376	-	2,924,223	-
Statement of income				
Pension benefits	536,020	-	331,992	-

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19 Employee benefit obligations (Cont'd)

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

	Consolidated		Company	
	2011	2010	2011	2010
At 1 January	3,224,356	-	2,592,231	-
Current service cost	445,868	-	263,010	-
Interest cost	90,152	-	68,982	-
At 31 December	<u>3,760,376</u>	<u>-</u>	<u>2,924,223</u>	<u>-</u>

Unit: Baht

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

	Consolidated		Company	
	2011	2010	2011	2010
Current service cost	445,868	-	263,010	-
Interest cost	90,152	-	68,982	-
Total, included in staff costs	<u>536,020</u>	<u>-</u>	<u>331,992</u>	<u>-</u>

Unit: Baht

The Group opts to adjust the impact from new accounting policies adoption relevant to employee benefits against opening retained earnings, as described in Note 2.2 a).

The principal actuarial assumptions used were as follows:

	Consolidated		Company	
	2011	2010	2011	2010
Discount rate	3.8%	-	3.8%	-
Inflation rate	3.0%	-	3.0%	-
Future salary increases rate	3.0% - 9.0%	-	3.0% - 9.0%	-

20 Share capital and premium on share capital

	Authorised number of shares	Number of shares	Issued and fully paid-up	
			Ordinary shares Baht	Share premium Baht
At 1 January 2010	641,250,000	641,250,000	641,250,000	304,110,374
Increase of authorised shares	-	-	-	-
At 31 December 2010	641,250,000	641,250,000	641,250,000	304,110,374
Transfer share premium to offset with deficits	-	-	-	(198,357,637)
At 31 December 2011	<u>641,250,000</u>	<u>641,250,000</u>	<u>641,250,000</u>	<u>105,752,737</u>

The total numbers of authorised ordinary shares are 641.25 million shares (2010: 641.25 million shares) with a par value of Baht 1 per share (2010: Baht 1 per share). All issued shares are fully paid.

At the Annual General Meeting of Shareholders held on 20 April 2011, the shareholders approved the application of the share premium of Baht 198.36 million to reduce the Company's deficit as at 31 December 2010. The remaining share premium, after the reduction will be Baht 105.75 million. This transaction has no effect to the total balance of the equity.

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21 Legal reserve

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
At 1 January	-	-	-	-
Appropriation during the year	3,813,156	-	3,813,156	-
At 31 December	3,813,156	-	3,813,156	-

Under the Public Limited Company Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital of the Company. The reserve is non-distributable.

22 Non-controlling interest

	Unit: Baht	
	Consolidated	
	2011	2010
Opening balance	10,229	10,229
Effect from the change of accounting policy (Note 2)	-	-
Closing balance	10,229	10,229

23 Expense by nature

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Staff costs	66,887,650	60,578,311	20,930,788	14,167,730
Depreciation on property and equipment (Note 14)	4,804,063	5,475,562	1,435,517	1,878,393
Amortisation of intangible assets				
- film rights (Note 15)	376,988,905	526,704,768	3,888,311	-
- computer software (Note 15)	613,738	843,720	224,536	219,398
(Reversal of) Impairment of assets				
- building and equipment (Note 14)	(410,963)	1,025	-	-
- film rights (Note 15)	7,864,890	10,125,568	-	-
Doubtful debts	2,417,480	4,206,179	316,879	1,200,055
Provision for sales returns	14,854,908	13,928,641	-	-
Impairment of inventories	2,380,953	6,949,123	-	-

24 Finance costs

	Unit: Baht			
	Consolidated		Company	
	2011	2010	2011	2010
Finance costs:				
Bank borrowings	26,481,751	27,545,181	-	-
Short-term borrowings from related parties	6,542,374	12,594,957	20,889,726	14,595,110
Finance lease	88,155	47,409	28,235	-
Others	437,187	-	437,187	-
Total	33,549,467	40,187,547	21,355,148	14,595,110

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25 Basis earnings per share

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

There are no potential dilute ordinary shares in issue during the year.

The basic earnings per share are calculated as follows:

	Consolidated					
	Net profit Baht		Weighted average number of shares shares		Earnings per share Baht	
	2011	2010	2011	2010	2011	2010
For the years ended 31 December						
Basic earnings	61,127,501	43,492,820	641,250,000	641,250,000	0.10	0.07
	Company					
	Net profit Baht		Weighted average number of shares shares		Earnings per share Baht	
	2011	2010	2011	2010	2011	2010
For the years ended 31 December						
Basic earnings	78,855,357	42,921,779	641,250,000	641,250,000	0.12	0.07

26 Dividends

At the Board of Directors Meeting held on 9 August 2011, the directors passed a resolution to approve an interim dividends in respect of the operating results for the period from January to June 2011 at Baht 0.02 per share, totaling Baht 12.82 million. The dividends will be distributed to the shareholders in the register on 25 August 2011 and paid dividends on 9 September 2011.

27 Related party transactions

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

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

The Company is a subsidiary of Major Cineplex Group Public Company Limited which owns 66.07% of the Company's shares (2010: 65.93%). All subsidiaries and associates of Major Cineplex Group Company Limited are related parties.

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27 Related party transactions (Cont'd)

The following significant transactions were carried out with related parties:

i) Sales of goods/services and others

	Consolidated		Company	
	2011	2010	2011	2010
Unit: Baht'000				
Management fee income				
Subsidiaries	-	-	92,523	84,112
Sales of goods and services:				
Parent company	81,803	92,030	-	-
Subsidiaries	-	-	12,792	-
Related companies	30,321	30,991	-	-
	<u>112,124</u>	<u>123,021</u>	<u>12,792</u>	<u>-</u>
Advertising income				
Parent company	3,951	-	-	-
Subsidiaries	-	-	4,427	15,000
Related company	60,000	30,000	50,000	-
	<u>63,951</u>	<u>30,000</u>	<u>54,427</u>	<u>15,000</u>
Rental income				
Subsidiaries	-	-	2,988	900
Interest income				
Subsidiaries	-	-	5,778	3,096
Other income				
Parent company	-	1,003	-	1,003

During 2011, the Group has agreed to a Rental and Service Agreement of Advertising and Promotion with Major Cinead Company Limited, a subsidiary of Major Cineplex Group Public Company Limited. This agreement is aimed for the Group to provide advertising and promotion services which put through all theatrical materials and products of the Group. Advertising and promotion services are provided to third parties who are Major Cinead's customers. The service fee was fixed amount on a monthly basis.

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27 Related party transactions (Cont'd)

ii) Purchase of goods/services and others

		Unit: Baht'000	
		Consolidated	Company
		2011	2010
		2011	2010
Purchase of goods and services			
Parent company	140	-	-
Related companies	10,422	-	-
	10,562	-	-
Advertising expense			
Parent company	762	465	-
Subsidiaries	-	-	17,960
Related companies	780	197	-
	1,542	662	17,960
Rental and service expenses			
Parent company	3,702	6	3,702
Related companies	-	1,205	-
	3,702	1,211	3,702
Interest expense			
Parent company	6,542	12,595	6,542
Subsidiaries	-	-	14,347
	6,542	12,595	20,889
Other expenses			
Parent company	31	-	31
Related companies	48	15	48
	79	15	79

Pricing policies for related party transactions are as follows:

	Pricing policies
Advertising fees	Agreed prices as stipulated in the agreements
Film rights	Agreed prices as stipulated in the agreements
Rental and services	Agreed prices which approximate to market price
Interest charge	Agreed rates ranging from 5.00% to 8.50% per annum
Management fees	Agreed prices as stipulated in the agreements

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27 Related party transactions (Cont'd)

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

	Unit: Baht'000			
	Consolidated		Company	
	2011	2010	2011	2010
Trade accounts receivable (included in "Trade accounts receivable and other receivable")				
Parent company	15,062	19,349	-	-
Subsidiaries	-	-	217,348	88,000
Related companies	60,984	6,652	53,500	-
Total trade accounts receivable	76,046	26,001	270,848	88,000
Accrued income				
Parent company	9,535	6,272	-	-
Related companies	2,462	2,127	-	16,050
Total accrued income	11,997	8,399	-	16,050
Trade accounts receivable and accrued income, net	88,043	34,400	270,848	104,050
<u>Less</u> Allowance for doubtful account	-	-	-	-
Trade accounts receivable and accrued income, net	88,043	34,400	270,848	104,050
Amounts due from related parties				
Parent company	1,003	1,003	1,003	1,003
Subsidiaries	-	-	67,672	3,499
Related company	-	32,100	1,770	32,100
Total amounts due from related parties	1,003	33,103	70,445	36,602
<u>Less</u> Allowance for doubtful account	-	-	-	-
Amount due from related parties, net	1,003	33,103	70,445	36,602
Guarantee paid for rental and service (included in "non- current assets")				
Related company	983	1,822	983	983
Trade accounts payable (included in "Trade accounts payable and other payable")				
Parent company	20	-	-	-
Total trade accounts payable	20	-	-	-
Amounts due to related parties				
Parent company	1,874	124	1,644	66
Subsidiaries	-	-	72,370	34,663
Related companies	43	20,085	-	-
Directors	284	694	284	694
Total amounts due to related parties	2,201	20,903	74,298	35,423
Guarantee deposits for rental and service (included in "Other non-current assets")	-	-	747	360

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27 Related party transactions (Cont'd)

iv) Loans to subsidiaries, net

	Unit: Baht'000	
	Consolidated	Company
For the year ended 31 December 2011		
Subsidiaries		
Beginning balance	-	46,320
Loans made during the year	-	294,910
Loans repaid during the year	-	(290,530)
Ending balance	-	50,700

As at 31 December 2011, loans to a subsidiary amounting to Baht 50.70 million (2010: Baht 46.32 million) is carrying interest at the rate of 5.00%, 7.00% and 8.50% per annum (2010: 8.50% per annum). The promissory notes are due at call.

v) Short-term borrowing from related parties

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

	Unit: Baht'000	
	Consolidated	Company
For year ended 31 December 2011		
Subsidiary		
Beginning balance	-	10,000
Borrowings acquired during the year	-	423,820
Repayment of borrowings during the year	-	(145,570)
Ending balance	-	288,250

Short-term borrowings from subsidiaries in promissory note carry interest at the rates of 5.50% to 8.50% per annum (2010: 5.50% to 8.50% per annum). The promissory notes are due at call.

	Unit: Baht'000	
	Consolidated	Company
For year ended 31 December 2011		
Parent company		
Beginnings balance	250,000	250,000
Borrowings acquired during the year	200,000	200,000
Repayments of borrowings during the year	(391,000)	(391,000)
Ending balance	59,000	59,000

Borrowings from parent company are carrying interest at the rate of 5.00% to 6.125% per annum (2010: 5.00% and 8.50% per annum) and due for repayment within 1 month.

vi) Management's remuneration

In 2011, the total management is remuneration including salaries and other benefits is amounting to Baht 14.58 million (2010: Baht 13.51 million).

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28 Commitments and contingencies

i) Bank guarantees

As at 31 December 2011, bank guarantees of Baht 33.25 million were given on behalf of the Group to third parties in respect of purchase of rights (2010: USD 2 million and Baht 16.5 million).

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

As at 31 December 2011, the Company and its subsidiaries have commitment obligations in respect of long-term lease of land, buildings and service contracts to a related party and third parties. The future aggregate minimum lease and service payments under non-cancellable contracts are as follows:

	Consolidated		Unit: Million Baht	
	2011	2010	2011	2010
Not later than 1 year	4.42	5.67	3.52	4.96
Later than 1 year but not later than 5 years	5.71	21.84	3.91	21.84
Later than 5 years	-	51.07	-	51.07
Total operating lease commitments	10.13	72.91	7.43	72.91

iii) Commitments from purchase of film rights

As at 31 December 2011, the Group has commitments in respect of purchases of film rights amounting to USD 3.98 million, EUR 0.02 million and Baht 42.38 million payable over the next two years (2010: USD 2.16 million and Baht 53.50 million).

iv) Commitments for film productions

As at 31 December 2011, the Group has commitments under film production agreements, advertising and programme broadcasting agreements with various film directors and other companies. The Company is committed to pay the amounts as stipulated in related agreements totalling Baht 5.75 million (2010: Baht 1.02 million).

v) Litigation

During 2010, the Company had litigation in respect of default on a debt the payment amounting to Baht 0.9 million. On 28 February 2011, the litigation is verdicted and the Company agreed to repay the debt by monthly installments commencing 1 March 2011 to 1 August 2013. Total repayment including interest payable and penalty are amounting to Baht 1.59 million. The Company has recorded the total balance of principal and recognised the interest and penalty obligation upto the financial position date.

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29 Subsequent event

At the Board of Directors Meeting held on 13 February 2012, the Board passed the following resolutions:

1. Approved dividends in respect of the operating results for the period from July to December 2011 at Baht 0.05 per share, totalling Baht 32.06 million. The dividends will be distributed to shareholders listed in the register on 28 February 2012.
2. Approved an issuance and offering of warrants to purchase the ordinary shares of the Company ("Warrants") to the directors and the employees of the Company and/or its subsidiaries ("ESOP Project") of 6,412,500 units. Exercise ratio is 1 warrant per 1 ordinary share.
3. Approved an increase in registered capital of the Company from Baht 641,250,000 to Baht 647,662,500 by issuance of 6,412,500 new ordinary shares at a par value of Baht 1 each to be reserved for the exercise of the Warrants under ESOP Project.

These matters shall be proposed to the 2012 Annual General Meeting of Shareholders for their consideration and approval.



M PICTURES

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