**1 General information**

Matching Maximize Solution Public Company Limited, (the “Company”) is a public limited company which is incorporated and domiciled in Thailand. The address of the Company’s registered office is as follows:

Head office: located 305/10 Soi Sukhothai 6, Sukhothai Road, Dusit, Bangkok.

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 Group is principally engaged in the business of advertisement films production, providing film production equipment for rent and providing related services, production and distribution of magazines.

The Group consolidated and company financial statements were authorised for issue by the Board of Directors on 22 February 2013.

**2** **Accounting policies**

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

**2.1 Basis of 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 Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and 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.

**2 Accounting policies** (Cont’d)

**2.1 Basis of preparation** (Cont’d)

Comparative figures have been adjusted to conform with change in preparation in the current year. To comply with the guideline for Lease Accounting and announcement of Department of Business Development Regulation dated 7 November 2011 in relation to the format of Financial Statements B.E. 2554, the Company reclassified leasehold right, trade and other receivables and trade and other payables as at   
31 December 2011 and 1 January 2011 as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
|  | **31 December** | **1 January** | **31 December** | **1 January** |
|  | **2011** | **2011** | **2011** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| **Property, plant and equipment, net** |  |  |  |  |
| As previously reported |  |  |  |  |
| Equipment, net | 12,593,275 | 13,130,043 | 9,514,697 | 8,160,495 |
| Leasehold right, net | 83,742,599 | 87,901,461 | 74,243,211 | 76,400,025 |
| Reclassified to |  |  |  |  |
| Property, plant and equipment, net | 96,335,874 | 101,031,504 | 83,757,908 | 84,560,520 |
|  |  |  |  |  |
| **Trade and others receivables** |  |  |  |  |
| As previously reported |  |  |  |  |
| Trade receivables - other company, net | 169,792,584 | 188,636,068 | 75,904,996 | 46,955,714 |
| Trade receivables - subsidiaries, net | - | - | 1,826,886 | 19,125,378 |
| Other current assets |  |  |  |  |
| - Prepaid expenses | 3,609,656 | 3,260,773 | 866,612 | 536,176 |
| - Other receivables, net | 1,976,159 | 7,031,226 | 544,316 | 177,951 |
| Reclassified to |  |  |  |  |
| Trade and other receivables | 175,378,399 | 198,928,067 | 79,142,810 | 66,795,219 |
|  |  |  |  |  |
| **Trade and other payables** |  |  |  |  |
| As previously reported |  |  |  |  |
| Trade payables - other company | 53,467,100 | 72,344,801 | 29,154,645 | 32,605,323 |
| Trade payables - subsidiaries | - | - | 5,165,671 | 9,084,687 |
| Other current liabilities |  |  |  |  |
| - Advance received | 8,518,048 | 6,965,395 | - | - |
| - Other payables | 1,591,053 | 1,011,432 | 164,500 | 32,100 |
| Accrued expenses | 27,032,189 | 32,097,983 | 9,454,087 | 4,812,703 |
| Reclassified to |  |  |  |  |
| Trade and other payable | 90,608,390 | 112,419,611 | 43,938,903 | 46,534,813 |

In addition, comparative figures have been adjusted to conform with changes in presentation in the current year as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Previously Presentation** | | **Increase/(Decrease)** | | **Current Presentation** | |
|  | **Consolidated** | **Company** | **Consolidated** | **Company** | **Consolidated** | **Company** |
|  | **Baht** | **Baht** | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |  |  |
| **Current assets** |  |  |  |  |  |  |
| Saving account used as |  |  |  |  |  |  |
| guarantee | 3,052,571 | 2,956,571 | (2,412,871) | (2,316,871) | 639,700 | 639,700 |
| Withholding tax deducted |  |  |  |  |  |  |
| at sources - net | 9,875,820 | 2,874,104 | 9,870,183 | 3,771,575 | 1,946,003 | 6,645,679 |
|  |  |  |  |  |  |  |
| **Non Current assets** |  |  |  |  |  |  |
| Fixed deposit used as |  |  |  |  |  |  |
| guarantee | 403,482 | 403,482 | 2,412,871 | 2,316,871 | 2,816,353 | 2,720,353 |
| Withholding tax deducted |  |  |  |  |  |  |
| at sources - net | 9,870,183 | 3,771,575 | (9,870,183) | (3,771,575) | - | - |

**2 Accounting policies** (Cont’d)

**2.1 Basis of preparation** (Cont’d)

The Group has applied TAS 19 “Employee Benefits” from 1 January 2011, and the Group adjusted the impact from adoption such accounting standard against opening retained earnings. The impacts on the consolidated and company financial statements can be summarized as follows:

|  |  |  |
| --- | --- | --- |
|  | **Consolidated** | **Company** |
|  | **2011** | **2011** |
|  | **Baht** | **Baht** |
|  |  |  |
| **Statement of financial position as at 1 January 2011** |  |  |
| Decreased in opening retained earnings |  |  |
| - Attributable to owners of the parent | 11,494,603 | 3,273,625 |
| - Non-controlling interests | 279,073 | - |
|  |  |  |
| Increased in retirement benefit obligation | 11,773,676 | 3,273,625 |

An English version of the consolidated and company financial statements have been prepared from the 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 interim financial information shall prevail.

**2.2 New accounting standards, new financial reporting standard, new interpretations and amendments to accounting standard**

New accounting standards, new financial reporting standard, new interpretations and amendments to accounting standard that are not yet effective and have not been early adopted by the Group:

Effective for the periods beginning on or after 1 January 2013

|  |  |
| --- | --- |
| TAS 12 | Income taxes |
| TAS 20 | Accounting for Government Grants and Disclosure of Government |
|  | Assistance |
| TAS 21 (Revised 2009) | The Effects of Changes in Foreign Exchange Rates |
| TFRS 8 | Operating Segments |
| 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 only with taxes on income, comprising current and deferred tax. Current tax expense for a period is based on the taxable and deductible amounts that will be shown on the tax return for the current year. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax accounting is based on the temporary differences between the tax base of an asset or liability and its carrying amount in the financial statements. The group is assessing the impact of deferred tax.

TAS 21 (Revised 2009) requires an entity to determine its functional currency which is the currency of the primary economic environment in which the entity operates. Currency other than functional currency of an entity is foreign currency. Foreign currency transactions are required to be translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rate of monetary items denominated in foreign currency are recognised in profit or loss. The standard permits the presentation currency of a reporting entity to be any currencies. The Group’s management has determined that the new accounting standard will not significantly impact the financial statements being presented.

**2 Accounting policies** (Cont’d)

**2.2 New accounting standards, new financial reporting standard, new interpretations and amendments to accounting standard** (Cont’d)

TFRS 8 requires a management approach under which segment information is presented on the same basis that used for internal reporting purpose as provided to the chief operating decision makers. The new standard will have an impact on disclosure.

Effective for the periods beginning on or after 1 January 2014

|  |  |
| --- | --- |
| TFRIC 4 | Determining whether an Arrangement contains a Lease |
| TFRIC 12 | Service Concession Arrangements |
| TFRIC 13 | Customer Loyalty Programmes |
| TSIC 29 | Service Concession Arrangements: Disclosure |

TFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. TFRIC 4 is not relevant to the Group’s operations.

TFRIC 12 applies to public-to-private service concession arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. TFRIC12 is not relevant to the group’s operations.

TFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement, and the consideration received or receivable from the customer is allocated between the components of the arrangement using fair values. TFRIC 13 is not relevant to the Group’s operations.

TSIC 29 contains disclosure requirements in respect of public-to-private service arrangements. TSIC 29 is not relevant to the Group’s operations.

**2 Accounting policies** (Cont’d)

**2.3** **Group Accounting - Investments in subsidiaries and associates and interests in joint ventures**

(1) Subsidiaries

Subsidiaries are all entities (including special purpose 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 fully consolidated from the date on which control is transferred to the Group. They are de-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 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. 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. Unrealised losses are also 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 subsidiaries and the effects from disposals of subsidiaries are shown in   
Note 12.

(2) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from 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 to non-controlling interests are also recorded in 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.

**2 Accounting policies** (Cont’d)

**2.4 Foreign currency translation**

Items included in the financial statements of each of the Group’s entities 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 statement of financial position 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 profit or loss.

**2.5 Cash and cash equivalents**

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

**2.6 Trade accounts receivable**

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any 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 profit or loss within selling and marketing costs.

**2.7 Inventories and productions in progress**

**a) Camera for production and accessories**

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

**b) TV programs and event production**

TV programs ready for broadcasts or sales and TV programs production in progress are stated at production cost which is directly attributable to the program production. The cost will be recognised in the income statement when broadcast or sale and show has been performed.

**c) Pocketbook and magazines in progress**

Pocketbook and magazines in progress are stated at the lower of cost and net realisable value. Cost is determined by specific identification. The cost of pocketbook and magazines in progress comprises design costs, raw materials, direct labour, other direct costs and related production overhead (based on normal capacity). Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

**2 Accounting policies** (Cont’d)

**2.8 Investment property**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Land is classified and accounted for by the Group as investment property when the definition of investment property is met.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs are incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at cost less any accumulated impairment loss.

**2.9 Building and equipment and assets for rent**

Building and equipment and assets for rent are measured initially at their cost less any accumulated depreciation. Depreciation is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

**Building and equipment**

Production equipment 5 years

Computers 5 years

Furniture fixture and office equipment 5 years

Vehicles 5 years

Office building, studio building and

leasehold building improvement Lease period but not over 20 years

Leasehold studio building improvement 20 years

**Asset for rent**

Production equipment 5, 10 years

Supply for film production 3 years

Vehicles 10 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 2.11).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within ‘Other (losses)/gains - net’ in profit or loss.

**2 Accounting policies** (Cont’d)

**2.10 Intangible assets**

**Computer software**

Acquired computer software licences 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 5 years.

Costs 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 include staff costs of the software development team and an appropriate portion of relevant overheads.

**Other intangible assets**

Cost incurred on web-site development are recognised as intangible asset and are amortised using the straight-line method over their estimated useful lives of 3-5 years.

**2.11 Impairment of assets**

Assets that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment. Building and equipment, assets for rent, and non-financial assets including intangible 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. 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 for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**2.12 Leases - where a Group company is the lessee**

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

Leases of 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.

**Leases - where a Group company is the lessor**

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

**2 Accounting policies** (Cont’d)

**2.13 Borrowings**

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.

**2.14 Employee Benefits**

**Pension obligations**

Group companies operate various pension which is defined benefit plan and is determined by periodic actuarial calculations schemes. The 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 recognised in full in profit and loss in the period in which they arise.

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

**2.15 Provision**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**2.16 Provision for goods returns**

Provision for goods returns is estimated based on historical experience and other relevant market factors. Provision for goods returns are provided for the sales profit margins and presented netting of sales.

**2 Accounting policies** (Cont’d)

**2.17 Revenue recognition**

Revenue of the Group consist principally revenue from advertising, television program, advertising films production, concerts and event organising, rental of equipment, sales of pocket book, magazines and other goods.

Revenue from advertising and television program are recognised when the advertisement or program is broadcasted.

Revenue from advertising films production is recognised based on percentage of completion which is the proportion of services rendered over the total estimated cost to be incurred for the whole production. Revenue from altering tape and sound recording are recognised when completed.

Revenue from concerts and events organising are recognised when the shows are completed.

Revenue from rental of equipment is recognised when services are rendered. Rental with inclusive of service revenues are recognised based on portion of service rendered.

Revenue from sales of pocket books and magazines are shown net of returns and discounts. Revenue from sales of pocket books and magazines are recognised when significant risks and rewards of ownership of goods are transferred to the buyer. Revenue from barter service is revenues from the exchange of a dissimilar nature. The revenue is measured at the fair value of service received, adjusted by the amount of any cash or cash equivalents received or paid. Revenue from advertising in magazines and publishing media are recognised when advertisements are published.

Revenue from sales of other goods comprised the fair value of the consideration received or receivable for the sales of goods net of value-added tax, returns and discounts. Revenue from sales of other goods is recognised when significant risks and rewards of ownership of goods are transferred to the buyer.

**Other income**

Interest income is amortisation 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.

Dividend income is recongised when the right to receive payment is established.

**2.18 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

**2.19 Dividend payment**

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

**2.20 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: credit risk interest rate risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

**3.1.1 Credit risk**

The Group has no significant concentrations of credit risks due to the large number of customer from which the income is charged in cash. The Group has policies in place to ensure that sales of products and services are made to customers with appropriate credit history. Cash transactions are limited to high credit quality financial institutions.

**3.1.2 Interest rate risk**

The Group’s income and operating cash flows are not substantially independent of changes in market interest rates. 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. The loan interest rates of the Group are mainly floated. The Group does not use the interest rate derivative to manage exposure from fluctuation in interest rate on specific borrowing.

**3.1.3 Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, 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 book values of financial assets and financial liabilities with a maturity of less than one year are approximate their fair values. Long-term borrowings and loans made with related parties carried an interest at the market interest rate. Management believe 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 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 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.

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

**4.2 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.

**4.3 Provision for goods returns**

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

**4.4 Valuation of advertising films under production**

The cost of films under production is recognised when incurred. When there is an indication, 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.

**4.5 Property, plant and equipment and intangible assets**

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

**4.6 Employee benefit 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 government 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.

**6 Segment information**

**Financial statements by business segment**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Advertisement** | **Television** | **Show/events** | **Rental and** | **Sales of** | **Sales of** |  |
|  | **films production** | **programs** | **organizing** | **service** | **products** | **magazines** | **Total** |
|  | **Baht** | **Baht** | **Baht** | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |  |  |  |
| **For the year ended 31 December 2012** |  |  |  |  |  |  |  |
| Revenues |  |  |  |  |  |  |  |
| Gross segment revenues | 47,065,660 | 186,811,271 | 29,872,232 | 262,297,021 | 23,093,779 | 65,173,542 | 614,313,505 |
| Inter - segment revenues | (2,915,616) | (17,500) | (1,437,600) | (4,870,152) | (515,883) | - | (9,756,751) |
|  |  |  |  |  |  |  |  |
| Net revenues | 44,150,044 | 186,793,771 | 28,434,632 | 257,426,869 | 22,577,896 | 65,173,542 | 604,556,754 |
|  |  |  |  |  |  |  |  |
| Segment result | 5,618,609 | 70,586,190 | (4,515,822) | 45,697,680 | 4,756,320 | 7,279,467 | 129,425,444 |
| Other income |  |  |  |  |  |  | 12,263,940 |
| Interest paid |  |  |  |  |  |  | (642,055) |
| Unallocated cost |  |  |  |  |  |  | (61,835,946) |
| Income tax |  |  |  |  |  |  | (17,755,807) |
|  |  |  |  |  |  |  |  |
| Profit attributable to owners of the parent |  |  |  |  |  |  | 61,452,576 |
| Loss attributable to non-controlling interests |  |  |  |  |  |  | (34,185) |
|  |  |  |  |  |  |  |  |
| Profit for the year |  |  |  |  |  |  | 61,418,391 |
|  |  |  |  |  |  |  |  |
| **Segment fixed assets** |  |  |  |  |  |  |  |
| Building and equipment - net | 74,516,582 | 164,270 | 195,184 | 11,041,305 | - | 2,018,717 | 87,936,058 |
| Assets for rent - net | - | - | - | 173,049,461 | - | - | 173,049,461 |
| Unallocated assets |  |  |  |  |  |  | 319,902,017 |
|  |  |  |  |  |  |  |  |
| Consolidated total assets |  |  |  |  |  |  | 580,887,536 |
|  |  |  |  |  |  |  |  |
| Impairment charge | - | (87,909) | - | - | - |  | (87,909) |

**6 Segment information** (Cont’d)

**Financial statements by business segment** (Cont’d)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Advertisement** | **Television** | **Show/events** | **Rental and** | **Sales of** | **Sales of** |  |
|  | **films production** | **programs** | **organizing** | **service** | **products** | **magazines** | **Total** |
|  | **Baht** | **Baht** | **Baht** | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |  |  |  |
| **For the year ended 31 December 2011** |  |  |  |  |  |  |  |
| Revenues |  |  |  |  |  |  |  |
| Gross segment revenues | 173,693,381 | 173,176,494 | 34,074,551 | 189,814,167 | 7,269,322 | 64,181,723 | 642,209,638 |
| Inter - segment revenues | (14,979,129) | (18,745,922) | (2,280,500) | (9,367,985) | (945,423) | (15,750) | (46,334,709) |
|  |  |  |  |  |  |  |  |
| Net revenues | 158,714,252 | 154,430,572 | 31,794,051 | 180,446,182 | 6,323,899 | 64,165,973 | 595,874,929 |
|  |  |  |  |  |  |  |  |
| Segment result | 9,068,010 | 50,899,237 | (7,422,250) | 5,008,698 | (76,198) | 8,487,792 | 65,965,289 |
| Other income |  |  |  |  |  |  | 5,420,226 |
| Interest paid |  |  |  |  |  |  | (2,069,163) |
| Unallocated cost |  |  |  |  |  |  | (45,398,782) |
| Income tax |  |  |  |  |  |  | (10,089,749) |
|  |  |  |  |  |  |  |  |
| Profit attributable to owners of the parent |  |  |  |  |  |  | 13,827,821 |
| Profit attributable to non-controlling interests |  |  |  |  |  |  | (797,618) |
|  |  |  |  |  |  |  |  |
| Profit for the year |  |  |  |  |  |  | 13,030,203 |
|  |  |  |  |  |  |  |  |
| **Segment fixed assets** |  |  |  |  |  |  |  |
| Building and equipment, net | 84,489,202 | 47,439 | 192,899 | 10,562,199 | - | 1,044,135 | 96,335,874 |
| Assets for rent, net | - | - | - | 140,471,423 | - | - | 140,471,423 |
| Unallocated assets |  |  |  |  |  |  | 325,209,832 |
|  |  |  |  |  |  |  |  |
| Consolidated total assets |  |  |  |  |  |  | 562,017,129 |
|  |  |  |  |  |  |  |  |
| Impairment charge | - | (87,909) | - | - | - | - | (87,909) |

**6 Segment information** (Cont’d)

Unallocated costs represent corporate expenses. Segment assets consist primarily property and equipment, intangible assets, inventories, receivables and operating cash and mainly exclude investments.

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** | |
|  | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| Cash on hand | 951,000 | 1,004,091 | 420,000 | 430,000 |
| Deposits held at call with banks | 73,876,426 | 71,077,429 | 45,859,621 | 32,592,085 |
| Fixed deposit accounts | 50,399,087 | - | 20,150,503 | - |
| Bill of exchange - 3 months | 12,500,000 | - | - | - |
|  |  |  |  |  |
| Cash and cash equivalents | 137,726,513 | 72,081,520 | 66,430,124 | 33,022,085 |

As at 31 December 2012, deposits held at call with banks carry interest at the rate of 0.625% per annum (2011: 0.75% per annum). Fixed deposit accounts carry interest at the rate of 2.75% per annum. Bill of exchange carries interest at the rate of 3.00% per annum.

**8 Short-term investments**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
|  | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| Fixed deposit - 12 months | 999,936 | 1,023,313 | - | - |
| Bill of exchange - 6 months | - | 31,500,000 | - | 20,000,000 |
|  |  |  |  |  |
| Investments | 999,936 | 32,523,313 | - | 20,000,000 |

The interest rates on fixed deposit are 2.50% per annum. (2011: interest rates on fixed deposit are 1.37% per annum and interest rates on bill of exchange are 3.6% per annum).

**9 Restricted cash**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
|  | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| Restricted cash - current portion | - | 639,700 | - | 639,700 |
| Restricted cash - non-current portion | 2,598,471 | 2,816,353 | 2,502,471 | 2,720,353 |

The Group has pledged the deposits with local banks as collateral for letters of bank guarantee issued by those banks in respect of project compliance and electricity usage. The restricted cash for project which is expected to complete within one year will be classified as current portion.

**10 Trade and other receivables**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
|  | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| Trade accounts receivable |  |  |  |  |
| Other companies | 135,591,008 | 144,391,649 | 52,909,500 | 56,791,319 |
| Related companies (Note 29.4) | 1,588,950 | 862,845 | 1,738,750 | 1,826,886 |
| Accrued income | 4,433,315 | 38,336,100 | - | 25,186,916 |
|  |  |  |  |  |
| Total trade accounts receivable and |  |  |  |  |
| accrued income | 141,613,273 | 183,590,594 | 54,648,250 | 83,805,121 |
| Less Advances receipt | (2,206,587) | (4,282,405) | (845,000) | (1,282,005) |
| Allowance for doubtful accounts | (3,518,956) | (7,112,490) | (2,433,119) | (4,746,119) |
| Provision for goods returns | (2,556,750) | (1,746,200) | - | - |
| Contractual deposits | - | (656,915) | - | (45,115) |
|  |  |  |  |  |
| Trade accounts receivable and |  |  |  |  |
| accrued income, net | 133,330,980 | 169,792,584 | 51,370,131 | 77,731,882 |
| Prepaid expenses | 4,257,911 | 3,609,656 | 1,644,297 | 866,612 |
| Other receivables | 3,659,532 | 7,251,203 | 854,691 | 544,316 |
| Less Allowance for doubtful accounts | - | (5,275,044) | - | - |
|  |  |  |  |  |
| Trade and other receivables | 141,248,423 | 175,378,399 | 53,869,119 | 79,142,810 |

During 2012, the Group wrote off an other receivable which provision was provided for in full, amounting to Baht 5.27 million.

Outstanding trade accounts receivable and accrued income can be analysed as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | | **Company** | |
|  | **2012** | **2011** | | **2012** | **2011** |
|  | **Baht** | **Baht** | | **Baht** | **Baht** |
|  |  |  | |  |  |
| Account receivables |  |  | |  |  |
| Current | 90,787,381 | 93,595,882 | | 38,755,281 | 41,122,100 |
| Overdue less than 3 months | 35,138,412 | 38,573,292 | | 13,628,376 | 11,085,200 |
| Overdue 3 to 6 months | 6,158,382 | 5,080,602 | | 337,050 | 44,405 |
| Overdue 6 to 12 months | 1,986,477 | 4,169,779 | | - | 3,745,000 |
| Overdue over 12 months | 3,109,306 | 3,834,939 | | 1,927,543 | 2,621,500 |
|  |  |  | |  |  |
|  | 137,179,958 | 145,254,494 | | 54,648,250 | 58,618,205 |
| Accrued income | 4,433,315 | 38,336,100 | - | | 25,186,916 |
| Less Advances receipt | (2,206,587) | (4,282,405) | (845,000) | | (1,282,005) |
| Allowance for doubtful accounts | (3,518,956) | (7,112,490) | (2,433,119) | | (4,746,119) |
| Provision for goods returns | (2,556,750) | (1,746,200) | - | | - |
| Contractual deposits | - | (656,915) | - | | (45,115) |
|  |  |  |  | |  |
| Trade accounts receivable and |  |  |  | |  |
| accrued income, net | 133,330,980 | 169,792,584 | 51,370,132 | | 77,731,882 |

**11 Inventories, net**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
|  | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| Camera for production and accessories | 2,415,475 | 2,322,044 | - | - |
| TV programs production in progress | 3,803,578 | 2,925,524 | 3,851,328 | 2,925,524 |
| Advertisement film in progress | 2,381,242 | - | - | - |
| Magazines in progress | 72,283 | 26,197 | - | - |
| Event production in progress | - | 55,983 | - | - |
| Pocketbook | 848,891 | - | - | - |
| Others | 26,096 | 40,893 | - | - |
|  |  |  |  |  |
|  | 9,547,565 | 5,370,641 | 3,851,328 | 2,925,524 |
| Less Allowance for diminution in value |  |  |  |  |
| of inventories | (815,870) | (815,870) | - | - |
|  |  |  |  |  |
|  | 8,731,695 | 4,554,771 | 3,851,328 | 2,925,524 |
| Advances for purchases of inventory | 488,687 | - | - | - |
|  |  |  |  |  |
|  | 9,220,382 | 4,554,771 | 3,851,328 | 2,925,524 |

In 2011, the Group recognised allowance for diminution in value of inventories in consolidated statements of comprehensive income amounting to Baht 0.8 million.

**12 Investment in subsidiaries**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | **Company** | |
|  |  |  | **2012** | **2011** |
|  |  |  | **Baht** | **Baht** |
|  |  |  |  |  |
| Investment in subsidiaries |  |  | 430,600,000 | 437,600,000 |
| Less Allowance for impairment |  |  | (243,640,937) | (243,640,937) |
|  |  |  |  |  |
| Investment in subsidiaries, net |  |  | 186,959,063 | 193,959,063 |
|  |  |  |  |  |
| **For the year ended 31 December 2012** |  |  |  |  |
| Opening net book amount |  |  | 193,959,063 | 165,973,494 |
| Acquisition |  |  | - | 68,000,000 |
| Disposal |  |  | (7,000,000) | - |
| Impairment on investments |  |  | - | (40,014,431) |
|  |  |  |  |  |
| Closing net book amount |  |  | 186,959,063 | 193,959,063 |

**12 Investment in subsidiaries** (Cont’d)

**The details of investments in subsidiaries are as follows:**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Paid up** | | **% Ownership** | | | |  | | |  | | | |
|  |  |  | **Share capital (’000)** | | **Interest** | | | | **31 December 2012** | | | **31 December 2011** | | | |
|  |  |  |  |  | |  |  |  | | **Allowance** |  |  | **Allowance** |  | |
|  |  |  | **31 December** | **31 December** | | **31 December** | **31 December** | **Cost Method** | | **for impairment** | **Net** | **Cost Method** | **for impairment** | **Net** |
| **Subsidiaries company** | **Type of business** | **Relationship** | **2012** | **2011** | | **2012** | **2011** | **Baht** | | **Baht** | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  | |  |  |  | |  |  |  |  |  |
| Matching Entertainment | Events organiser | Direct shareholder | 80,000 | 80,000 | | 99.99 | 99.99 | 80,000,000 | | (80,000,000) | - | 80,000,000 | (80,000,000) | - |
| Co., Ltd. |  |  |  |  | |  |  |  | |  |  |  |  |  |
| Gear Head Co., Ltd. | Provide services and | Direct shareholder | 130,000 | 130,000 | | 99.99 | 99.99 | 130,000,000 | | - | 130,000,000 | 130,000,000 | - | 130,000,000 |
|  | renting of advertisement |  |  |  | |  |  |  | |  |  |  |  |  |
|  | Production equipments |  |  |  | |  |  |  | |  |  |  |  |  |
| Fatman and Little Boy | Production of | Direct shareholder |  |  | |  |  |  | |  |  |  |  |  |
| Co., Ltd. | TV advertisement |  | - | 7,000 | | - | 99.99 | - | | - | - | 7,000,000 | - | 7,000,000 |
| Matching Studio Plus | Production of films | Direct shareholder | 158,000 | 158,000 | | 99.99 | 99.99 | 158,000,000 | | (113,640,937) | 44,359,063 | 158,000,000 | (113,640,937) | 44,359,063 |
| Co., Ltd. |  |  |  |  | |  |  |  | |  |  |  |  |  |
| Matching Broadcast | Production of | Direct shareholder | 10,000 | 10,000 | | 99.99 | 99.99 | 10,000,000 | | - | 10,000,000 | 10,000,000 | - | 10,000,000 |
| Co., Ltd. | TV programs |  |  |  | |  |  |  | |  |  |  |  |  |
| Matching Movie Town | Photographic studio | Direct shareholder |  | 50,000 | | 99.99 | 99.99 | 50,000,000 | | (50,000,000) | - | 50,000,000 | (50,000,000) | - |
| Co., Ltd. | service, media |  |  |  | |  |  |  | |  |  |  |  |  |
|  | broker, production of |  |  |  | |  |  |  | |  |  |  |  |  |
|  | TV programs and |  |  |  | |  |  |  | |  |  |  |  |  |
|  | entertainment |  |  |  | |  |  |  | |  |  |  |  |  |
|  | events organiser |  |  |  | |  |  |  | |  |  |  |  |  |
| Book Maker Co., Ltd. | Production and | Direct shareholder |  |  | |  |  |  | |  |  |  |  |  |
|  | distribution |  | 2,000 | 2,000 | | 99.99 | 99.99 | 2,000,000 | | - | 2,000,000 | 2,000,000 | - | 2,000,000 |
|  | of magazines |  |  |  | |  |  |  | |  |  |  |  |  |
| Goody Film BKK | Production of | Direct shareholder | 1,000 | 1,000 | | 60.00 | 60.00 | 600,000 | | - | 600,000 | 600,000 | - | 600,000 |
| Co., Ltd. | advertisement films |  |  |  | |  |  |  | |  |  |  |  |  |
|  | for domestic |  |  |  | |  |  |  | |  |  |  |  |  |
|  | and overseas |  |  |  | |  |  |  | |  |  |  |  |  |
|  |  |  |  |  | |  |  |  | |  |  |  |  |  |
|  |  |  |  |  | |  |  | 430,600,00 | | (243,640,937) | 186,959,063 | 437,600,000 | (243,640,937) | 193,959,063 |
| **Subsidiaries** |  |  |  |  | |  |  |  | |  |  |  |  |  |
| **under Matching** |  |  |  |  | |  |  |  | |  |  |  |  |  |
| **Broadcast Co., Ltd.** |  |  |  |  | |  |  |  | |  |  |  |  |  |
| Matching Television | Production of | Indirect | - | 5,000 | | - | 99.98 |  | |  |  |  |  |  |
| Co., Ltd. | TV program | shareholder |  |  | |  |  |  | |  |  |  |  |  |

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

Fatman and Little Boy Co., Ltd. and Matching Television Co., Ltd., subsidiaries had registered for liquidations with the Ministry of Commerce on 25 July 2012 and were dissolved in October 2012. The Company received the capital return from Fatman and Little Boy Co., Ltd. amounting to Baht 7 million.

**12 Investment in subsidiaries** (Cont’d)

**2011**

In March 2011, Matching Entertainment Co., Ltd., a subsidiary increased the authorised share capital from 400,000 ordinary shares with a par value of Baht 100 per share to 800,000 ordinary shares with a par value of Baht 100 per share, totalling Baht 40 million. On the same day, that subsidiary used proceed from capital increase to repay the loan from the Company, amounting to Baht 37 million.

In March 2011, Matching Studio Plus Co., Ltd., a subsidiary increased the authorised share capital from 1,300,000 ordinary shares with a par value of Baht 100 per share to 1,580,000 ordinary shares with a par value of Baht 100 per share, totalling Baht 28 million. On the same day, that subsidiary used proceed from capital increase to repay loan and accrued interest to the Company.

**13 Investment properties**

|  |  |  |
| --- | --- | --- |
|  | **Consolidated** | |
|  | **2012** | **2011** |
|  | **Baht** | **Baht** |
|  |  |  |
| **As at 31 December** |  |  |
| Land - Prachuap Khiri Khan Province | 10,249,564 | 10,249,564 |
| Land and building - Kanchanaburi Province | 1,960,000 | 1,960,000 |
|  |  |  |
| Total investment property | 12,209,564 | 12,209,564 |
| Less Allowance for impairment | (1,960,000) | (1,960,000) |
|  |  |  |
| Net book amount | 10,249,564 | 10,249,564 |
|  |  |  |
| **Fair value** |  |  |
| Land - Prachuap Khiri Khan Province | 20,400,000 | 18,360,000 |
| Land and building - Kanchanaburi Province | - | - |
|  |  |  |
| Total fair value | 20,400,000 | 18,360,000 |

A subsidiary owns two pieces of properties that are not utilised, with total cost of Baht 12.21 million, comprising land at Prachuap Khiri Khan Province of Baht 10.25 million, and land and building at Kanchanaburi Province of Baht 1.96 million.

Investment property of Baht 10.25 million (2011: Baht 10.25 million) was pledged as a security for long-term bank borrowing. As at 31 December 2012, the borrowing was settled but the title to such land has not yet been redeemed from bank.

The Group determined the fair values of those lands at 31 December 2012 by independent professionally qualified valuer who holds a recognised relevant professional qualification and has recent experience in the locations and categories of the investment properties valued. Land at Prachuap Khiri Khan Province valued by applying market approach. Land and building at Kanchanaburi Province valued by applying cost approach.

For the year ended 31 December 2012 and 2011, there is no income or expense that are related to investment properties recognised in profit and loss.

**14 Property, plant and equipment, net**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | | | | | | |
|  |  |  | Furniture |  |  |  |  |  |
|  |  |  | fixtures and |  | Building and |  |  |  |
|  | Production |  | office |  | land | Building | Construction |  |
|  | equipment | Computer | equipment | Vehicles | improvement | equipment | in progress | Total |
|  | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht |
|  |  |  |  |  |  |  |  |  |
| **At 1 January 2011** |  |  |  |  |  |  |  |  |
| Cost | 28,590,428 | 30,530,465 | 51,602,546 | 20,892,801 | 116,296,251 | 15,677,421 | 2,423,710 | 266,013,622 |
| Less Accumulated depreciation | (26,679,275) | (27,962,302) | (46,906,265) | (16,850,447) | (37,890,183) | (8,605,737) | - | (164,894,209) |
| Allowance for impairment | (19,240) | (67,546) | (1,123) | - | - | - | - | (87,909) |
|  |  |  |  |  |  |  |  |  |
| Net book value | 1,891,913 | 2,500,617 | 4,695,158 | 4,042,354 | 78,406,068 | 7,071,684 | 2,423,710 | 101,031,504 |
|  |  |  |  |  |  |  |  |  |
| **For the year ended 31 December 2011** |  |  |  |  |  |  |  |  |
| Opening net book value | 1,891,913 | 2,500,617 | 4,695,158 | 4,042,354 | 78,406,068 | 7,071,684 | 2,423,710 | 101,031,504 |
| Additions | 254,337 | 2,711,093 | 1,328,278 | 1,241,192 | 417,193 | 419,750 | 1,626,954 | 7,998,797 |
| Disposals and write-off-net | (63) | (10,264) | (32,212) | (12) | (1) | - | - | (42,552) |
| Transfer-in (out) | - | - | - | - | 3,826,664 | 224,000 | (4,050,664) | - |
| Transfer from (to) assets for rent (Note 15) | - | 1 | (1,827) | - | - | - | - | (1,826) |
| Depreciation (Note 24) | (866,699) | (1,282,403) | (2,512,598) | (1,365,589) | (5,698,477) | (924,283) | - | (12,650,049) |
|  |  |  |  |  |  |  |  |  |
| Closing net book value | 1,279,488 | 3,919,044 | 3,476,799 | 3,917,945 | 76,951,447 | 6,791,151 | - | 96,335,874 |
|  |  |  |  |  |  |  |  |  |
| **At 31 December 2011** |  |  |  |  |  |  |  |  |
| Cost | 27,624,117 | 28,501,001 | 50,698,310 | 21,133,895 | 115,540,108 | 16,321,171 | - | 259,818,602 |
| Less Accumulated depreciation | (26,325,389) | (24,514,411) | (47,220,388) | (17,215,950) | (38,588,661) | (9,530,020) | - | (163,394,819) |
| Allowance for impairment | (19,240) | (67,546) | (1,123) | - | - | - | - | (87,909) |
|  |  |  |  |  |  |  |  |  |
| Net book value | 1,279,488 | 3,919,044 | 3,476,799 | 3,917,945 | 76,951,447 | 6,791,151 | - | 96,335,874 |

**14 Property, plant and equipment, net** (Cont’d)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | | | | | | |
|  |  |  |  |  | Office |  |  |  |
|  |  |  |  |  | building, |  |  |  |
|  |  |  |  |  | studio |  |  |  |
|  |  |  | Furniture |  | building and | Leasehold |  |  |
|  |  |  | fixtures and |  | leasehold | studio |  |  |
|  | Production |  | office |  | building | building | Construction |  |
|  | equipment | Computer | equipment | Vehicles | improvement | improvement | in progress | Total |
|  | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht |
|  |  |  |  |  |  |  |  |  |
| **For the year ended 31 December 2012** |  |  |  |  |  |  |  |  |
| Opening net book value | 1,279,488 | 3,919,044 | 3,476,799 | 3,917,945 | 76,951,447 | 6,791,151 | - | 96,335,874 |
| Additions | 694,843 | 1,965,122 | 977,102 | 1,000,000 | - | - | 271,000 | 4,908,067 |
| Disposals and write-off-net | (4,581) | (56,174) | (101,950) | (9) | - | (2,077,626) | - | (2,240,340) |
| Transfer-in (out) |  |  |  |  |  |  |  |  |
| Transfer from (to) assets for rent (Note 22) |  |  |  |  |  |  |  |  |
| Depreciation (Note 24) | (566,162) | (1,275,039) | (1,556,588) | (1,100,550) | (5,709,674) | (859,530) | - | (11,067,543) |
|  |  |  |  |  |  |  |  |  |
| Closing net book value | 1,403,588 | 4,522,953 | 2,795,363 | 3,817,386 | 71,241,773 | 3,853,995 | 271,000 | 87,936,058 |
|  |  |  |  |  |  |  |  |  |
| **At 31 December 2012** |  |  |  |  |  |  |  |  |
| Cost | 25,393,060 | 27,988,389 | 49,875,412 | 12,710,650 | 115,540,108 | 14,075,204 | 271,000 | 245,853,822 |
| Less Accumulated depreciation | (23,970,232) | (23,367,890) | (47,078,926) | (8,893,264) | (44,298,335) | (10,221,209) | - | (157,829,855) |
| Allowance for impairment | (19,240) | (67,546) | (1,123) | - | - | - | - | (87,909) |
|  |  |  |  |  |  |  |  |  |
| Net book value | 1,403,588 | 4,552,953 | 2,795,363 | 3,817,386 | 71,241,773 | 3,853,995 | 271,000 | 87,936,058 |

**14 Property, plant and equipment, net** (Cont’d)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Company | | | | | | | |
|  |  |  |  |  | Office |  |  |  |
|  |  |  |  |  | building, |  |  |  |
|  |  |  |  |  | studio |  |  |  |
|  |  |  | Furniture |  | building and | Leasehold |  |  |
|  |  |  | fixtures and |  | leasehold | studio |  |  |
|  | Production |  | office |  | building | building | Construction |  |
|  | equipment | Computer | equipment | Vehicles | improvement | improvement | in progress | Total |
|  | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht |
|  |  |  |  |  |  |  |  |  |
| **At 1 January 2011** |  |  |  |  |  |  |  |  |
| Cost | 25,997,044 | 15,089,604 | 34,653,925 | 9,593,923 | 97,298,321 | 14,959,513 | 1,163,710 | 198,756,040 |
| Less Accumulated depreciation | (24,662,891) | (13,810,683) | (31,942,951) | (6,757,477) | (28,521,509) | (8,500,009) | - | (114,195,520) |
|  |  |  |  |  |  |  |  |  |
| Net book value | 1,334,153 | 1,278,921 | 2,710,974 | 2,836,446 | 68,776,812 | 6,459,504 | 1,163,710 | 84,560,520 |
|  |  |  |  |  |  |  |  |  |
| **For the year ended 31 December 2011** |  |  |  |  |  |  |  |  |
| Opening net book value | 1,334,153 | 1,278,921 | 2,710,974 | 2,836,446 | 68,776,812 | 6,459,504 | 1,163,710 | 84,560,520 |
| Additions | 392,830 | 2,173,821 | 811,886 | 2,290,192 | - | 2,665,717 | 786,954 | 9,121,400 |
| Disposals and write-off-net | (63) | (9,216) | (7,049) | (8,139) | (1) | - | - | (24,468) |
| Transfer-in (out) | - | - | - | - | 1,726,664 | 224,000 | (1,950,664) | - |
| Depreciation (Note 24) | (704,183) | (822,254) | (1,622,233) | (1,141,389) | (4,724,964) | (884,521) | - | (9,899,544) |
|  |  |  |  |  |  |  |  |  |
| Closing net book value | 1,022,737 | 2,621,272 | 1,893,578 | 3,977,110 | 65,778,511 | 8,464,700 | - | 83,757,908 |
|  |  |  |  |  |  |  |  |  |
| **At 31 December 2011** |  |  |  |  |  |  |  |  |
| Cost | 25,169,226 | 12,827,593 | 33,911,599 | 9,107,809 | 94,024,985 | 17,849,230 | - | 192,890,442 |
| Less Accumulated depreciation | (24,146,489) | (10,206,321) | (32,018,021) | (5,130,699) | (28,246,474) | (9,384,530) | - | (109,132,534) |
|  |  |  |  |  |  |  |  |  |
| Net book value | 1,022,737 | 2,621,272 | 1,893,578 | 3,977,110 | 65,778,511 | 8,464,700 | - | 83,757,908 |

**14 Property, plant and equipment, net** (Cont’d)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Company | | | | | | | |
|  |  |  |  |  | Office |  |  |  |
|  |  |  |  |  | building, |  |  |  |
|  |  |  |  |  | studio |  |  |  |
|  |  |  | Furniture |  | building and | Leasehold |  |  |
|  |  |  | fixtures and |  | leasehold | studio |  |  |
|  | Production |  | office |  | building | building | Construction |  |
|  | equipment | Computer | equipment | Vehicles | improvement | improvement | in progress | Total |
|  | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht |
|  |  |  |  |  |  |  |  |  |
| **For the year ended 31 December 2012** |  |  |  |  |  |  |  |  |
| Opening net book value | 1,022,737 | 2,621,272 | 1,893,578 | 3,977,110 | 65,778,511 | 8,464,700 | - | 83,757,908 |
| Additions | 51,763 | 717,777 | 350,027 | - | - | - | - | 1,119,567 |
| Disposals and write-off-net | (4,581) | (17,262) | (98,033) | (5) | - | (2,077,626) | - | (2,197,507) |
| Depreciation (Note 24) | (376,914) | (791,613) | (815,416) | (1,098,038) | (4,701,249) | (837,030) | - | (8,620,260) |
|  |  |  |  |  |  |  |  |  |
| Closing net book value | 693,005 | 2,530,174 | 1,330,156 | 2,879,067 | 61,077,262 | 5,550,044 | - | 74,059,708 |
|  |  |  |  |  |  |  |  |  |
| **At 31 December 2012** |  |  |  |  |  |  |  |  |
| Cost | 22,295,089 | 11,477,922 | 32,610,185 | 8,324,304 | 94,024,985 | 15,603,264 | - | 184,335,749 |
| Less Accumulated depreciation | (21,602,084) | (8,947,748) | (31,280,029) | (5,445,237) | (32,947,723) | (10,053,220) | - | (110,276,041) |
|  |  |  |  |  |  |  |  |  |
| Net book value | 693,005 | 2,530,174 | 1,330,156 | 2,879,067 | 61,077,262 | 5,550,044 | - | 74,059,708 |

**14 Property, plant and equipment, net** (Cont’d)

As at 31 December 2012, costs of assets which are fully depreciated but still in use are amounting to Baht 84.20 million (2011: Baht 91.11 million) and Baht 69.27 million (2011: Baht 61.45 million) in the Group consolidated and company financial statements, respectively.

Leased assets included above, where the Group and the Company is a lease under a finance lease comprise motor vehicle as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
|  | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| Cost | 3,200,000 | 3,200,000 | 3,200,000 | 3,200,000 |
| Less Accumulated depreciation | (1,995,397) | (1,355,397) | (1,995,397) | (1,355,397) |
|  |  |  |  |  |
| Net book amount | 1,204,603 | 1,844,603 | 1,204,603 | 1,844,603 |

**15 Assets for rent, net**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Consolidated | | | | |
|  |  | Supplies |  |  |  |
|  | Production | for film |  | Construction |  |
|  | equipment | production | Vehicles | in progress | Total |
|  | Baht | Baht | Baht | Baht | Baht |
|  |  |  |  |  |  |
| **At 1 January 2011** |  |  |  |  |  |
| Cost | 395,157,360 | 8,645,810 | 96,704,138 | 444,066 | 500,951,374 |
| Less Accumulated |  |  |  |  |  |
| depreciation | (285,444,468) | (4,955,406) | (78,787,126) | - | (369,187,000) |
|  |  |  |  |  |  |
| Net book value | 109,712,892 | 3,690,404 | 17,917,012 | 444,066 | 131,764,374 |
|  |  |  |  |  |  |
| **For the year ended** |  |  |  |  |  |
| **31 December 2011** |  |  |  |  |  |
| Opening net book value | 109,712,892 | 3,690,404 | 17,917,012 | 444,066 | 131,764,374 |
| Additions | 29,757,713 | 2,567,656 | 2,622,828 | 1,634,274 | 36,582,471 |
| Disposals and write-off-net | (93,128) | (14) | (222,214) | - | (315,356) |
| Transfer from building |  |  |  |  |  |
| and equipment (Note 14) | 1,826 | - | - | - | 1,826 |
| Depreciation (Note 24) | (22,679,235) | (2,729,474) | (2,153,183) | - | (27,561,892) |
|  |  |  |  |  |  |
| Closing net book value | 116,700,068 | 3,528,572 | 18,164,443 | 2,078,340 | 140,471,423 |
|  |  |  |  |  |  |
| **At 31 December 2011** |  |  |  |  |  |
| Cost | 423,394,609 | 9,830,311 | 97,781,990 | 2,078,340 | 533,085,250 |
| Less Accumulated |  |  |  |  |  |
| depreciation | (306,694,541) | (6,301,739) | (79,617,547) | - | (392,613,827) |
|  |  |  |  |  |  |
| Net book value | 116,700,068 | 3,528,572 | 18,164,443 | 2,078,340 | 140,471,423 |

**15 Assets for rent, net** (Cont’d)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Consolidated | | | | |
|  |  | Supplies |  |  |  |
|  | Production | for film |  | Construction |  |
|  | equipment | production | Vehicles | in progress | Total |
|  | Baht | Baht | Baht | Baht | Baht |
|  |  |  |  |  |  |
| **For the year ended** |  |  |  |  |  |
| **31 December 2012** |  |  |  |  |  |
| Opening net book value | 116,700,068 | 3,528,572 | 18,164,443 | 2,078,340 | 140,471,423 |
| Additions | 33,025,586 | 3,098,216 | 4,933,046 | 23,958,925 | 65,015,773 |
| Transfer in (out) | 1,366,558 | - | - | (1,366,558) | - |
| Disposal and write-off-net | (100,724) | (1,142,616) | (867,294) | - | (2,110,634) |
| Depreciation (Note 24) | (25,676,584) | (2,254,181) | (2,396,336) | - | (30,327,101) |
|  |  |  |  |  |  |
| Closing net book value | 125,314,904 | 3,229,991 | 19,833,859 | 24,670,707 | 173,049,461 |
|  |  |  |  |  |  |
| **At 31 December 2012** |  |  |  |  |  |
| Cost | 455,102,193 | 9,257,589 | 97,571,088 | 24,670,707 | 586,601,577 |
| Less Accumulated |  |  |  |  |  |
| depreciation | (329,787,289) | (6,027,598) | (77,737,229) | - | (413,552,116) |
|  |  |  |  |  |  |
| Net book value | 125,314,904 | 3,229,991 | 19,833,859 | 24,670,707 | 173,049,461 |

A subsidiary owns assets for rent which is not long-term lease.

From 1 January 2011, management of a subsidiary has changed the residual value of production equipment, supplies for film production, and vehicles from Baht 1 to the residual value ranged between 2% to 25% of the cost considering assets condition and estimate selling price at the termination date. The effect of the change on the consolidated financial statements for the year ended 31 December 2011 are to decrease depreciation expense by Baht 6.31 million and increase profit for the year by the same amount.

As at 31 December 2012, costs of assets for rent which are fully depreciated but still in use, are amounting to Baht 180.77 million (2011: Baht 198.87 million).

**16 Intangible assets, net**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Consolidated | | | | |
|  |  |  | Software |  |
|  | Software | Copyright | in progress | Total |
|  | Baht | Baht | Baht | Baht |
| **At 1 January 2011** |  |  |  |  |
| Cost | 4,854,345 | 45,500 | 1,105,000 | 6,004,845 |
| Less Accumulated amortisation | (3,758,867) | - | - | (3,758,867) |
|  |  |  |  |  |
| Net book value | 1,095,478 | 45,500 | 1,105,000 | 2,245,978 |
|  |  |  |  |  |
| **For the year ended**  **31 December 2011** |  |  |  |  |
| Opening net book value | 1,095,478 | 45,500 | 1,105,000 | 2,245,978 |
| Additions | 251,600 | - | - | 251,600 |
| Transfer in (out) | 1,105,000 | - | (1,105,000) | - |
| Amortisation (Note 24) | (562,931) | - | - | (562,931) |
|  |  |  |  |  |
| Closing net book value | 1,889,147 | 45,500 | - | 1,934,647 |
|  |  |  |  |  |
| **At 31 December 2011** |  |  |  |  |
| Cost | 6,210,945 | 45,500 | - | 6,256,445 |
| Less Accumulated amortisation | (4,321,798) | - | - | (4,321,798) |
|  |  |  |  |  |
| Net book value | 1,889,147 | 45,500 | - | 1,934,647 |
|  |  |  |  |  | |
| **For the year ended**  **31 December 2012** |  |  |  |  | |
| Opening net book value | 1,889,147 | 45,500 | - | 1,934,647 | |
| Additions | 941,300 | - | - | 941,300 | |
| Amortisation (Note 24) | (745,109) | - | - | (745,109) | |
|  |  |  |  |  | |
| Closing net book value | 2,085,338 | 45,500 | - | 2,130,838 | |
|  |  |  |  |  | |
| **At 31 December 2012** |  |  |  |  | |
| Cost | 7,152,245 | 45,500 | - | 7,197,745 | |
| Less Accumulated amortisation | (5,066,907) | - | - | (5,066,907) | |
|  |  |  |  |  | |
| Net book value | 2,085,338 | 45,500 | - | 2,130,838 | |

**16 Intangible assets, net** (Cont’d)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Company | | |
|  | Software | Copyright | Total |
|  | Baht | Baht | Baht |
| **At 1 January 2011** |  |  |  |
| Cost | 3,203,658 | - | 3,203,658 |
| Less Accumulated amortisation | (2,437,954) | - | (2,437,954) |
|  |  |  |  |
| Net book value | 765,704 | - | 765,704 |
|  |  |  |  |
| **For the year ended 31 December 2011** |  |  |  |
| Opening net book value | 765,704 | - | 765,704 |
| Additions | 24,490 | 45,500 | 69,990 |
| Amortisation (Note 24) | (259,643) | - | (259,643) |
|  |  |  |  |
| Closing net book value | 530,551 | 45,500 | 576,051 |
|  |  |  |  |
| **At 31 December 2011** |  |  |  |
| Cost | 3,228,148 | 45,500 | 3,273,648 |
| Less Accumulated amortisation | (2,697,597) | - | (2,697,597) |
|  |  |  |  |
| Net book value | 530,551 | 45,500 | 576,051 |
|  |  |  |  |
| **For the year ended 31 December 2012** |  |  |  |
| Opening net book value | 530,551 | 45,500 | 576,051 |
| Additions | 68,800 | - | 68,800 |
| Amortisation (Note 24) | (260,911) | - | (260,911) |
|  |  |  |  |
| Closing net book value | 338,440 | 45,500 | 383,940 |
|  |  |  |  |
| **At 31 December 2012** |  |  |  |
| Cost | 3,296,948 | 45,500 | 3,342,448 |
| Less Accumulated amortisation | (2,958,508) | - | (2,958,508) |
|  |  |  |  |
| Net book value | 338,440 | 45,500 | 383,940 |

Amortisation of Baht 745,109 (2011: Baht 562,931) and Baht 260,911 (2011: Baht 259,643) is included in administrative expenses in the Group consolidated and company financial statements, respectively.

**17 Trade and other payables**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
|  | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| Trade payable |  |  |  |  |
| - Other companies | 20,714,306 | 53,467,100 | 2,988,634 | 29,154,645 |
| - Subsidiaries (Note 29.4) | - | - | 36,960 | 5,165,671 |
| - Related companies (Note 29.4) | 321,000 | - | - | - |
| Advance received | 520,701 | 8,518,048 | - | - |
| Other payables | 15,819,066 | 1,591,053 | 56,154 | 164,500 |
| Accrued expenses | 25,753,128 | 27,032,189 | 11,009,596 | 9,454,087 |
|  |  |  |  |  |
| Trade and other payables | 63,128,201 | 90,608,390 | 14,091,344 | 43,938,903 |

**18 Borrowing**

**a) Long-term borrowing from financial institution**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
|  | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| Within 1 year | 5,004,000 | 5,004,000 | - | - |
| Later than 1 year but not later |  |  |  |  |
| than 2 year | 397,000 | 5,401,000 | - | - |
|  |  |  |  |  |
|  | 5,401,000 | 10,405,000 | - | - |

Long-term borrowing are secured by the Company (Note 29.8) and carry interest at the rate of 7.00% per annum (2011: 7.25% per annum).

The interest rate exposure on the borrowings of the Group and company (except finance lease liabilities) is as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
|  | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| Borrowings: |  |  |  |  |
| - at fixed rates | - | - | - | 7,000,000 |
| - at floating rates | 5,401,000 | 10,405,000 | - | 351,988 |
|  |  |  |  |  |
|  | 5,401,000 | 10,405,000 | - | 7,351,988 |

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
|  | **2012** | **2011** | **2012** | **2011** |
|  | **%** | **%** | **%** | **%** |
|  |  |  |  |  |
| - Bank overdrafts | - | 7.50 | - | 7.50 |
| - Bank borrowing | 7.00 | 7.25 | 7.00 | 7.25 |
| - Short-term loan from subsidiary | - | - | 6.00 | 6.00 |

The carrying amounts of bank borrowing and lease obligation approximately their fair value.

The movements in borrowing from financial institution (exclude bank overdrafts) can be analysed as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
|  | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| Opening balance | 10,405,000 | 42,922,743 | - | 24,052,000 |
| Repayments during the year | (5,004,000) | (32,517,743) | - | (24,052,000) |
|  |  |  |  |  |
| Closing balance | 5,401,000 | 10,405,000 | - | - |

**18 Borrowing** (Cont’d)

**b) Finance lease liabilities**

Finance lease liabilities - minimum lease payments:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
|  | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| Within 1 year | 560,856 | 560,856 | 560,856 | 560,856 |
| Later than 1 year but not later |  |  |  |  |
| than 5 years | 467,380 | 1,028,236 | 467,380 | 1,028,236 |
|  |  |  |  |  |
| Less future finance charges on |  |  |  |  |
| finance leases | (61,636) | (141,921) | (61,636) | (141,921) |
|  |  |  |  |  |
| Present value of finance lease liabilities | 966,600 | 1,447,171 | 966,600 | 1,447,171 |
|  |  |  |  |  |
| Representing lease liabilities: |  |  |  |  |
| - Short-term | 512,908 | 480,571 | 512,908 | 480,571 |
| - Long-term | 453,692 | 966,600 | 453,692 | 966,600 |
|  |  |  |  |  |
|  | 996,600 | 1,447,171 | 966,600 | 1,447,171 |

**19 Employee benefit obligations**

**Retirement benefits**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
|  | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| **Statement of financial position** |  |  |  |  |
| Retirement benefit obligation | 13,024,332 | 13,082,385 | 2,767,938 | 3,741,921 |
|  |  |  |  |  |
| Present value of unfunded obligation | 13,024,332 | 13,082,385 | 2,767,938 | 3,741,921 |

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
|  | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| At 1 January | 13,082,385 | 11,773,676 | 3,741,921 | 3,273,625 |
| Current service cost | 1,066,949 | 1,082,928 | 341,202 | 341,704 |
| Interest cost | 501,035 | 475,669 | 134,978 | 126,592 |
| Actuarial gains | (1,626,037) | (249,888) | (1,450,163) | - |
|  |  |  |  |  |
| At 31 December | 13,024,332 | 13,082,385 | 2,767,938 | 3,741,921 |

**19 Employee benefit obligations** (Cont’d)

**Retirement benefits** (Cont’d)

The amounts recognised in the income statement are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
|  | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| Current service cost | 1,066,949 | 1,082,928 | 341,202 | 341,704 |
| Interest cost | 501,035 | 475,669 | 134,978 | 126,592 |
| Actuarial gains | (1,626,037) | (249,888) | (1,450,163) | - |
|  |  |  |  |  |
| Total (include in staff cost under |  |  |  |  |
| administrative expenses) | (58,053) | 1,308,709 | (973,983) | 468,296 |

The principal actuarial assumptions used were as follows:

|  |  |  |
| --- | --- | --- |
|  | **2012** | **2011** |
|  | **%** | **%** |
|  |  |  |
| Discount rate | 4.10 | 4.10 |
| Inflation rate | 3 | 3 |
| Future salary increases | 3, 5 | 3, 5 |

**20 Share capital and premium on share capital**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Issued and fully paid-up** | | | |
|  | **Authorised** |  |  |  |  |
|  | **number of** | **Number of** | **Ordinary** | **Share** |  |
|  | **shares** | **shares** | **shares** | **premium** | **Total** |
|  | **Shares** | **Shares** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |  |
| At 1 January 2011 | 324,000,000 | 259,143,807 | 259,143,807 | 141,516,103 | 400,659,910 |
| Issue of shares | - | - | - | - | - |
|  |  |  |  |  |  |
| At 31 December 2011 | 324,000,000 | 259,143,807 | 259,143,807 | 141,516,103 | 400,659,910 |
| Decrease in authorised shares | (6,538,571) | - | - | - | - |
| Increase in authorised shares | 217,538,571 | - | - | - | - |
| Issue of shares | - | - | - | - | - |
|  |  |  |  |  |  |
| At 31 December 2012 | 535,000,000 | 259,143,807 | 259,143,807 | 141,516,103 | 400,659,910 |

As at 31 December 2012, the total authorised number of ordinary shares is 535,000,000 shares (2011: 324,000,000 shares) with a par value of Baht 1 per share (2011: Baht 1 per share).

On 27 December 2012, the shareholders at the Extraordinary Shareholders’ Meeting passed a special resolution to approve changes in the Company’s authorised share capital from 324,000,000 ordinary shares with a par value of Baht 1 per share to 317,461,429 ordinary shares with a par value of Baht 1 and to 535,000,000 ordinary shares with a par value of Baht 1 per share, respectively.

The Company registered the decrease and increase in capital with the Ministry of Commerce on 27 December 2012 and on 28 December 2012, respectively.

**21 Legal reserve**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | | |
|  | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  | |
| At 1 January | 2,753,084 | 2,477,276 | 2,753,084 | 2,477,276 |
| Appropriate during the year | 1,586,240 | 275,808 | 1,586,240 | 275,808 |
|  |  |  |  |  | |
| At 31 December | 4,339,324 | 2,753,084 | 4,339,324 | 2,753,084 |

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 percent of the registered capital. The legal reserve is non-distributable.

**22 Warrants**

The Company offered warrants to existing shareholders of the Company according to the proportion of shareholding. The warrants have no offered price and their terms do not exceed 5 years from the issued date.

On 5 April 2012, the Company adjusted the exercise price and ratio of warrants. The details are as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Issued units** | Exercise ratio per share | | **Exercise price (Baht/unit)** | | **Exercise period** | |
|  | **Issued date** | **Million** | **New** | **Previous** | **New** | **Previous** | **Start** | **End** |
|  |  |  |  |  |  |  |  |  |
| MATCH - W2 | 29 May 2009 | 103.43 | 1:1.001 | 1:1.000 | 1.398 | 1.400 | 30 December 2009 | 29 May 2014 |

During 2012, there is no warrant exercised (2011: nil) and the outstanding warrants as at 31 December 2012 are 58,259,363 units (31 December 2011: 58,259,363 units).

**23 Other income**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
|  | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| Dividend income | - | - | 626,975 | 35,696,385 |
| Interest income from short-term loans |  |  |  |  |
| to subsidiaries | - | - | 5,566,451 | 6,061,348 |
| Management fee income | - | - | 1,592,000 | 4,900,000 |
| Gains on disposals of property, plant |  |  |  |  |
| and equipment | 2,625,968 | 1,110,200 | 214,114 | 848,144 |
| Compensation | - | 742,364 | - | - |
| Interest income | 1,925,380 | 1,091,970 | 770,045 | 516,900 |
| Reversal of allowance for doubtful |  |  |  |  |
| accounts | 3,651,126 | - | 2,313,000 | - |
| Others | 4,061,466 | 2,475,692 | 745,016 | 249,303 |
|  |  |  |  |  |
|  | 12,263,940 | 5,420,226 | 11,827,601 | 48,272,080 |

**24 Expenses by nature**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
|  | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| Depreciation - building and |  |  |  |  |
| equipment (Note 14) | 11,067,543 | 12,650,049 | 8,620,260 | 9,899,544 |
| Depreciation - assets for rent (Note 15) | 30,327,101 | 27,561,892 | - | - |
| Amortisation - intangible assets (Note 16) | 745,109 | 562,931 | 260,911 | 259,643 |
| Staff costs | 180,668,110 | 174,295,737 | 38,276,498 | 39,022,273 |
| Employee severance pay | 10,000,000 | - | 10,000,000 | - |
| Employee benefit expense (Note 19) | 1,567,985 | 1,558,297 | 476,180 | 468,296 |
| Director and executive remuneration | 37,014,595 | 38,131,623 | 24,682,095 | 25,106,023 |
| Outsourcing service fee | 78,488,826 | 81,808,288 | 10,848,000 | 7,004,869 |
| Operating lease payment | 54,855,382 | 50,729,915 | 38,133,596 | 32,408,334 |
| Commission | 3,307,211 | 5,905,762 | 1,330,300 | 4,778,017 |

**25 Other expense**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
|  | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| Impairment loss from investment |  |  |  |  |
| in subsidiaries | - | - | - | 40,014,431 |

**26 Earnings per share**

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

For the calculation of the diluted earnings per share, the net profit adjusted for weighted average number of ordinary shares are assumed for conversion of all dilutive potential ordinary shares, being warrants as detailed in Note 22.

The basic earnings per share and the diluted earnings per share are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
|  | **2012** | **2011** | **2012** | **2011** |
|  |  |  |  |  |
| Weighted average number of shares (Shares) | 259,143,807 | 259,143,807 | 259,143,807 | 259,143,807 |
| Effect of dilutive potential shares (Shares) | 20,397,605 | 18,277,447 | 20,397,605 | 18,277,447 |
|  |  |  |  |  |
| Weighted average number of shares for |  |  |  |  |
| diluted earnings (Shares) | 279,541,412 | 277,421,254 | 279,541,412 | 277,421,254 |
|  |  |  |  |  |
| Net profit (loss) for the period attributable to |  |  |  |  |
| ordinary shareholders (Baht) | 61,452,576 | 13,827,821 | 13,467,608 | 31,724,797 |
| Basic earnings (loss) per share (Baht) | 0.24 | 0.05 | 0.05 | 0.12 |
| Diluted earnings (loss) per share (Baht) | 0.22 | 0.05 | 0.05 | 0.11 |

**27 Dividends**

At the 2012 Annual General Shareholders’ Meeting held on 26 April 2012, it was resolved that dividends in respect of 2011 be paid at Baht 0.04 per share, totalling Baht 10.37 million (2011: Baht 0.07 per share, totalling Baht 18.14 million). The dividends were distributed to the shareholders on 21 May 2012.

**28 Commitments and contingencies**

**28.1 Letter of guarantee**

As at 31 December 2012, there are letters of guarantee issued by a commercial bank in respect of television air time contracts, performance, and electricity usage on behalf of the Company and a subsidiary totalling Baht 2.68 million (31 December 2011: Baht 3.45 million). The Group used their fixed and saving deposits of Baht 2.60 million as collateral for those letters of guarantee.

**28.2 Operating leases - where the Group is the lessee**

As at 31 December 2012, the Group has commitment obligations in respect of long-term lease of land and building contracts. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
|  | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| Not later than 1 year | 8,819,658 | 6,447,526 | 3,269,474 | 2,200,789 |
| Later than 1 year but not later | 11,300,487 | 10,152,474 | 8,267,105 | 4,135,790 |
| than 5 years |  |  |  |  |
| Later than 5 years | 15,935,263 | 17,625,263 | 15,935,263 | 14,520,000 |
|  |  |  |  |  |
|  | 36,055,408 | 34,225,263 | 27,471,842 | 20,856,579 |

**29 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 Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company 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 controlled by The BBTV Productions Co., Ltd. (incorporated in Thailand), which owns 68.48% of the Company’s shares. The remaining 31.52% of the shares are widely held. The significant investments in subsidiaries is set out in Note 12.

Transactions with the companies and parties under the The BBTV Productions Co., Ltd. group are considered related parties transactions. In addition, companies and parties relating to directors and directors’ family are also considered related parties.

**29 Related party transactions** (Cont’d)

The following material transactions were carried out with related parties:

**29.1 Revenue from sales and services**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
| **For the years ended 31 December** | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| **Revenues from advertising** |  |  |  |  |
| **film production** |  |  |  |  |
| Subsidiaries | - | - | 516,116 | 2,842,679 |
| Related Company | 1,471,800 | 500,000 | 478,000 | 500,000 |
|  |  |  |  |  |
|  | 1,471,800 | 500,000 | 994,116 | 3,342,679 |
|  |  |  |  |  |
| **Revenues from television programs** |  |  |  |  |
| Subsidiaries | - | - | 17,500 | 3,105,000 |
| Related Company | 23,622,500 | 6,129,500 | 23,547,500 | 6,129,500 |
|  |  |  |  |  |
|  | 23,622,500 | 6,129,500 | 23,565,000 | 9,234,500 |
|  |  |  |  |  |
| **Revenues from concert/events** |  |  |  |  |
| **organising** |  |  |  |  |
| Related Company | 880,000 | 7,651,957 | - | - |
|  |  |  |  |  |
| **Interest income** |  |  |  |  |
| Subsidiaries | - | - | 5,566,451 | 6,061,348 |
|  |  |  |  |  |
| **Others** |  |  |  |  |
| Subsidiaries | - | - | 1,606,000 | 4,900,000 |

**29.2 Cost and service**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
| **For the years ended 31 December** | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| **Cost of services** |  |  |  |  |
| Subsidiaries | - | - | 2,485,914 | 29,937,752 |
| Related companies | 28,529,952 | 25,738,323 | 27,533,389 | 25,738,323 |
|  |  |  |  |  |
|  | 28,529,952 | 25,738,323 | 30,019,303 | 55,676,075 |
|  |  |  |  |  |
| **Selling expenses** |  |  |  |  |
| Subsidiaries | - | - | 1,750 | 326,250 |
|  |  |  |  |  |
| **Operating expenses** |  |  |  |  |
| Subsidiaries | - | - | 10,869 | - |
| Related companies | 1,613,131 | - | 1,613,131 | 8,884 |
|  |  |  |  |  |
|  | 1,613,131 | - | 1,624,000 | 8,884 |
|  |  |  |  |  |
| **Interest expense** |  |  |  |  |
| Subsidiaries | - | - | 27,616 | 420,000 |
|  |  |  |  |  |
| **Building rental** |  |  |  |  |
| Director of the company | 1,950,671 | 2,136,947 | 855,000 | 1,020,000 |

**29 Related party transactions** (Cont’d)

**29.3 Purchase of asset**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
| **For the years ended 31 December** | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| **Purchase intangible asset** |  |  |  |  |
| Related companies | 683,437 | - | - | - |

**29.4 Outstanding balances arising from sales/purchases of goods/services**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
| **As at 31 December** | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| **Trade accounts receivable** |  |  |  |  |
| (included in Note 10 “Trade and |  |  |  |  |
| other receivables”) |  |  |  |  |
| Subsidiaries | - | - | 149,800 | 1,826,886 |
| Related companies | 1,588,950 | 862,845 | 1,588,950 | - |
|  |  |  |  |  |
| Total receivable from related parties | 1,588,950 | 862,845 | 1,738,750 | 1,826,886 |
|  |  |  |  |  |
| **Prepaid expenses** |  |  |  |  |
| Related companies | 45,000 | - | - | - |
|  |  |  |  |  |
| **Trade accounts payable** |  |  |  |  |
| (included in Note 17 “Trade and |  |  |  |  |
| other payables) |  |  |  |  |
| Subsidiaries | - | - | 36,960 | 5,165,673 |
| Related companies | 321,000 | - | - | - |
|  |  |  |  |  |
|  | 321,000 | - | 36,960 | 5,165,673 |
|  |  |  |  |  |
| **Accrued expense** |  |  |  |  |
| Subsidiaries | 431,000 | - | 162,000 | - |

**29.5 Short-term loans to subsidiaries, net**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
| **For the years ended 31 December** | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| **Subsidiaries** |  |  |  |  |
| Beginning Balance | - | - | 91,450,000 | 149,300,000 |
| Loans granted during the year | - | - | 23,770,000 | - |
| Repayments received during |  |  |  |  |
| the year | - | - | (26,950,000) | (57,850,000) |
|  |  |  |  |  |
|  | - | - | 88,270,000 | 91,450,000 |
| Add Accrued interest | - | - | 670,000 | 910,000 |
| Less Allowance for doubtful | - | - | (35,775,989) | (35,775,989) |
|  |  |  |  |  |
| Ending balance | - | - | 53,164,011 | 56,584,011 |

Loans to subsidiaries are in form of promissory notes, carry interest at the rate of 6.00% per annum   
(31 December 2011: 6.00% per annum) and are due at call. Loans are unsecured.

**29 Related party transactions** (Cont’d)

**29.6 Short-term borrowing from subsidiary, net**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
| **For the years ended 31 December** | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| **Subsidiaries** |  |  |  |  |
| Beginning balance | - | - | 7,000,000 | 7,000,000 |
| Repayments during the year | - | - | (7,000,000) | - |
|  |  |  |  |  |
| Ending balance | - | - | - | 7,000,000 |

Loans from subsidiaries are unsecured and carry interest at the rate of 6.00% per annum (31 December 2011: 6.00% per annum) and are due at call.

**29.7 Directors and executive remuneration**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated** | | **Company** | |
| **For the years ended 31 December** | **2012** | **2011** | **2012** | **2011** |
|  | **Baht** | **Baht** | **Baht** | **Baht** |
|  |  |  |  |  |
| **Short-term benefit** |  |  |  |  |
| Directors | 37,014,595 | 38,131,623 | 24,682,095 | 25,106,025 |
|  |  |  |  |  |
| **Other benefits** |  |  |  |  |
| Directors | 10,000,000 | - | 10,000,000 | - |

**29.8 Guarantees**

The Company has provided guarantees for bank loans in subsidiaries for a total of Baht 25 million   
(Note 18).