

REVIEW REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders and the Board of Directors of Thai Film Industries Public Company Limited

I have reviewed the accompanying consolidated balance sheets as at June 30, 2009 and the related consolidated statements of income for the three-month and six-month periods ended June 30, 2009 and 2008, the consolidated statements of changes in shareholders' equity and cash flows statements for six-month periods ended June 30, 2009 and 2008, of Thai Film Industries Public Company Limited and its subsidiary and reviewed the financial statements of Thai Film Industries Public Company Limited. These interim financial statements are the responsibility of the Company's management. My responsibility is to issue a report on these financial statements based on my reviews.

I conducted my reviews in accordance with the standard on auditing applicable to review engagements. Those standards require that I plan and perform a review to obtain moderate assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit, and accordingly, I do not express an audit opinion.

Based on my reviews, nothing has come to my attention that causes me to believe that the interim consolidated and company financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Without qualifying my opinion, I draw attention to the matters discussed in Note no.25.5 to the financial statements, that on May 8, 2008 the Company was sued by a bank as the third defendant under the contract pledging the shares of an associated company as collateral for loan and interest of an associated company totaling Baht 839.42 million. As the negotiation at the court on November 3, 2008 and on December 15, 2008 and on February 27, 2009 and on June 19, 2009 between the plaintiff and the defendants. And the settlement at court including the investigation filing case was held at the court on June 26, 2009. The court has asked for another investigation the filing case on August 18, 2009. The Company however has sued against the mentioned bank and an Asset Management Corporation in the Civil Court case number black case file 3210/2550 seeking the payment for alleged breach of the pledge of shares agreement of an associated company of Baht 369.60 million, including the request for releasing the pledged shares of the mentioned associated company totaling 60 million shares to the Company. As the fact that the Company sued against the bank, the Company pledged the shares as collateral for the period of 4 years and it was not a guarantor of loan. The loan repayment period was 10 years which the

grace period for 3.5 years and the loan will be paid within 6.5 years . On September 16, 2008, the Civil Court passed judgement that the mentioned litigation case should be dismissed, the Company, therefore has appealed the Court's decision on October 30, 2008. Presently, the case is in the hearing process of the Appeal Court. The Company's lawyer opined that the outcome of the appeal shall be advantage to the Company.

I have previously audited, in accordance with generally accepted auditing standards, the consolidated financial statements for the year ended December 31, 2008 of Thai Film Industries Public Company Limited and subsidiaries and the financial statements for the year ended December 31, 2008 of Thai Film Industries Public Company Limited; and in my report dated February 19, 2009, I expressed an unqualifying opinion on those financial statements but I draw attention to the matters discussed as follow 1) the subsidiary recorded compensation for the claim for breaching of contracts for not transferring the condominium units as per a verdict of the Civil Court and the Board of director resolution 2) the Company was sued by a bank as the third defendant under the contract pledging the shares of an associated company as collateral for loan and interest of an associated company. The consolidated balance sheet and balance sheet as at December 31, 2008 presented herewith for comparative purposes only, were a part of the audited financial statements and I have already reported. I have not performed any audit procedure since that date.

(Mr. Jadesada Hungsapruak)
Certified Public Accountant
Registration No. 3759

Karin Audit Company Limited
Bangkok
August 11, 2009

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
INTERIM FINANCIAL STATEMENTS
JUNE 30, 2009
AND AUDITOR'S REPORT

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

AS AT JUNE 30, 2009 AND DECEMBER 31, 2008

(Unit : Thousand Baht)

	Notes	Consolidated		Separate	
		As at	As at	As at	As at
		June 30, 2009	December 31, 2008	June 30, 2009	December 31, 2008
		"Unaudited" "Reviewed"	"Audited"	"Unaudited" "Reviewed"	"Audited"
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		11,389	19,732	10,845	18,104
Trade accounts receivable - net	6	350,215	264,623	350,215	264,623
Inventories - net	7	190,220	212,696	190,220	212,696
Spare parts and supplies		155,506	177,698	155,506	177,698
Finished condominium units - net	8	424,862	443,873	-	-
Advance for Investment - Net	9	-	-	-	-
Account receivable - Revenue Department		10,068	4,933	10,068	4,933
Other current assets	5.1	65,884	77,643	91,252	97,054
TOTAL CURRENT ASSETS		1,208,144	1,201,198	808,106	775,108
NON-CURRENT ASSETS					
Investments in subsidiary and associated companies - net	10	-	-	300,100	314,200
Other long-term investments					
Related companies - net	11	44,250	44,250	44,250	44,250
Other company		2,000	2,000	2,000	2,000
Loans receivable, advance payments - subsidiary, associated and related companies - net	5.1	-	-	185,141	185,141
Advance for purchase assets		52,947	68,161	52,947	68,161
Land used in operation - at appraised value	12	500,002	500,002	500,002	500,002
Plant and equipment used in operation - net	13	2,365,989	2,453,852	2,365,886	2,453,585
Land, plant and equipment not used in operation-net	14	110,882	110,882	110,882	110,882
Cost of property to be developed - net	15	131,175	131,175	-	-
Other non-current assets		9,303	9,382	7,812	7,906
TOTAL NON-CURRENT ASSETS		3,216,548	3,319,704	3,569,020	3,686,127
TOTAL ASSETS		4,424,692	4,520,902	4,377,126	4,461,235

The accompanying notes are an integral part of these interim financial statement.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

AS AT JUNE 30, 2009 AND DECEMBER 31, 2008

(Unit : Thousand Baht)

	Notes	Consolidated		Separate	
		As at	As at	As at	As at
		June 30, 2009	December 31, 2008	June 30, 2009	December 31, 2008
		"Unaudited" "Reviewed"	"Audited"	"Unaudited" "Reviewed"	"Audited"
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term loans from financial institutions	16	1,091,137	1,404,095	1,091,137	1,404,095
Trade accounts payable		660,738	344,196	660,738	344,196
Current portion of long-term loans	17	165,563	418,830	165,563	418,830
Accrued interest		3,906	4,569	3,906	4,569
Accrued expense		54,983	44,030	53,042	42,353
Estimation liability	18	81,288	97,528	-	-
Other current liabilities		28,425	33,277	28,378	33,210
TOTAL CURRENT LIABILITIES		2,086,040	2,346,525	2,002,764	2,247,253
NON-CURRENT LIABILITIES					
Loans from subsidiary, related companies and director	5.1	-	-	-	-
Long-term loans - net	17	831,639	594,280	831,639	594,280
Other non-current liabilities		37,185	32,832	36,635	32,282
TOTAL NON-CURRENT LIABILITIES		868,824	627,112	868,274	626,562
TOTAL LIABILITIES		2,954,864	2,973,637	2,871,038	2,873,815
SHAREHOLDERS' EQUITY					
SHARE CAPITAL					
Authorized share capital					
1,065,000,000 ordinary shares : Baht 1 per share		1,065,000	1,065,000	1,065,000	1,065,000
Issued and paid-up share capital					
1,065,000,000 ordinary shares : Baht 1 per share		1,065,000	1,065,000	1,065,000	1,065,000
Discount on common shares		(88,750)	(88,750)	(88,750)	(88,750)
Capital surplus from land revaluation	12	191,575	191,575	191,575	191,575
Capital surplus from machinery revaluation - net	13	1,076,040	1,139,010	1,076,040	1,139,010
Deficit earning					
Unappropriated		(774,037)	(759,570)	(737,777)	(719,415)
TOTAL SHAREHOLDERS' EQUITY		1,469,828	1,547,265	1,506,088	1,587,420
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,424,692	4,520,902	4,377,126	4,461,235

The accompanying notes are an integral part of these interim financial statement.

"UNAUDITED"

"REVIEWED"

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF INCOME

FOR THE THREE MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

(Unit : Thousand Baht)

	Notes	Consolidated		Separate	
		2009	2008	2009	2008
REVENUES					
Sales		1,028,257	1,781,064	1,028,257	1,781,064
Sales condominium		-	9,800	-	-
Total sales		1,028,257	1,790,864	1,028,257	1,781,064
Costs of sales		(930,975)	(1,462,578)	(930,975)	(1,462,578)
Costs of sales condominium		-	(6,654)	-	-
Gross profit (loss) margin		97,282	321,632	97,282	318,486
Other income	19	39,709	30,826	41,869	33,460
Gain (loss) before expenses		136,991	352,458	139,151	351,946
Selling expenses		(39,450)	(64,374)	(39,450)	(64,374)
Administrative expenses		(25,661)	(67,617)	(27,980)	(66,168)
Management benefit expenses		(18,096)	(17,962)	(18,096)	(17,962)
Total expenses		(83,207)	(149,953)	(85,526)	(148,504)
Income (loss) before finance costs		53,784	202,505	53,625	203,442
Finance costs		(33,870)	(36,792)	(33,869)	(36,792)
NET INCOME (LOSS)		19,914	165,713	19,756	166,650
Attributable to :					
Equity holders of the parent		19,914	165,713	19,756	166,650
Minority interests		-	-	-	-
		19,914	165,713	19,756	166,650
Earnings profit (loss) per Share					
	21				
Basic earnings profit (loss) per share (Baht)		0.02	0.16	0.02	0.16
The number of ordinary shares weighted average (Unit : Thousand Shares)		1,065,000	1,065,000	1,065,000	1,065,000

The accompanying notes are an integral part of these interim financial statement.

"UNAUDITED"

"REVIEWED"

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF INCOME

FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

		(Unit : Thousand Baht)			
		Consolidated		Separate	
Notes		2009	2008	2009	2008
REVENUES					
	Sales	1,933,340	3,464,246	1,933,340	3,464,246
	Sales condominium	-	14,000	-	-
	Total sales	<u>1,933,340</u>	<u>3,478,246</u>	<u>1,933,340</u>	<u>3,464,246</u>
	Costs of sales	(1,749,665)	(2,865,678)	(1,749,665)	(2,865,678)
	Costs of sales condominium	-	(9,506)	-	-
	Gross profit (loss) margin	<u>183,675</u>	<u>603,062</u>	<u>183,675</u>	<u>598,568</u>
	Other income	53,667	72,900	58,221	78,122
	Gain (loss) before expenses	<u>237,342</u>	<u>675,962</u>	<u>241,896</u>	<u>676,690</u>
	Selling expenses	(85,199)	(139,324)	(85,199)	(139,324)
	Administrative expenses	(55,460)	(49,919)	(63,910)	(46,822)
	Management benefit expenses	(36,865)	(35,377)	(36,865)	(35,377)
	Total expenses	<u>(177,524)</u>	<u>(224,620)</u>	<u>(185,974)</u>	<u>(221,523)</u>
	Income (loss) before finance costs	<u>59,818</u>	<u>451,342</u>	<u>55,922</u>	<u>455,167</u>
	Finance costs	(74,285)	(76,290)	(74,284)	(76,281)
	NET INCOME (LOSS)	<u>(14,467)</u>	<u>375,052</u>	<u>(18,362)</u>	<u>378,886</u>
Attributable to :					
	Equity holders of the parent	(14,467)	375,052	(18,362)	378,886
	Minority interests	-	-	-	-
		<u>(14,467)</u>	<u>375,052</u>	<u>(18,362)</u>	<u>378,886</u>
Earnings profit (loss) per Share					
	Basic earnings profit (loss) per share (Baht)	(0.01)	0.35	(0.02)	0.36
	The number of ordinary shares weighted average (Unit : Thousand Shares)	<u>1,065,000</u>	<u>1,065,000</u>	<u>1,065,000</u>	<u>1,065,000</u>

The accompanying notes are an integral part of these interim financial statement.

"UNAUDITED"

"REVIEWED"

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

(Unit : Thousand Baht)

Notes	Consolidated								
	Share capital issued and paid-up	Premium on share capital	Discount on share capital	Capital surplus from land revaluation	Capital surplus from machinery revaluation	Deficit		Minority interest	Total
						Appropriated	Unappropriated		
Beginning balance as at January 1, 2009	1,065,000	-	(88,750)	191,575	1,139,010	-	(759,570)	-	1,547,265
Depreciation for capital surplus from machinery revaluation	-	-	-	-	(62,970)	-	-	-	(62,970)
Net loss for the period	-	-	-	-	-	-	(14,467)	-	(14,467)
Ending Balance as at June 30, 2009	<u>1,065,000</u>	<u>-</u>	<u>(88,750)</u>	<u>191,575</u>	<u>1,076,040</u>	<u>-</u>	<u>(774,037)</u>	<u>-</u>	<u>1,469,828</u>
Beginning balance as at January 1, 2008	1,065,000	-	(88,750)	191,575	1,267,989	-	(886,039)	-	1,549,775
Depreciation for capital surplus from machinery revaluation	-	-	-	-	(64,137)	-	-	-	(64,137)
Net Profit for the period	-	-	-	-	-	-	375,052	-	375,052
Ending Balance as at June 30, 2008	<u>1,065,000</u>	<u>-</u>	<u>(88,750)</u>	<u>191,575</u>	<u>1,203,852</u>	<u>-</u>	<u>(510,987)</u>	<u>-</u>	<u>1,860,690</u>

The accompanying notes are an integral part of these interim financial statement.

"UNAUDITED"

"REVIEWED"

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

(Unit : Thousand Baht)

Notes	Separate							Total
	Share capital issued and paid-up	Premium on share capital	Discount on share capital	Capital surplus from land revaluation	Capital surplus from machinery revaluation	Deficit		
						Appropriated	Unappropriated	
Beginning balance as at January 1, 2009	1,065,000	-	(88,750)	191,575	1,139,010	-	(719,415)	1,587,420
Depreciation for capital surplus from machinery revaluation	-	-	-	-	(62,970)	-	-	(62,970)
Net loss for the period	-	-	-	-	-	-	(18,362)	(18,362)
Ending Balance as at June 30, 2009	<u>1,065,000</u>	<u>-</u>	<u>(88,750)</u>	<u>191,575</u>	<u>1,076,040</u>	<u>-</u>	<u>(737,777)</u>	<u>1,506,088</u>
Beginning balance as at January 1, 2008	1,065,000	-	(88,750)	191,575	1,267,989	-	(866,077)	1,569,737
Depreciation for capital surplus from machinery revaluation	-	-	-	-	(64,137)	-	-	(64,137)
Net profit for the period	-	-	-	-	-	-	378,886	378,886
Ending Balance as at June 30, 2008	<u>1,065,000</u>	<u>-</u>	<u>(88,750)</u>	<u>191,575</u>	<u>1,203,852</u>	<u>-</u>	<u>(487,191)</u>	<u>1,884,486</u>

The accompanying note are an integral part of these interim financial statement.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	2009	2008	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Profit (loss)	(14,467)	375,052	(18,362)	378,886
Adjustments to reconcile net profit(loss) to cash received (used) operating activities				
Obsolete stock (Decrease) Increase	2,023	6,318	2,023	6,318
Depreciation	55,289	53,940	55,125	53,753
Amortization expenses	43,432	45,059	43,432	45,059
Unrealized (gain) loss on exchange rate	(35,995)	37,702	(35,995)	37,702
Compensation for the claim	2,771	-	-	-
Loss on impairment of investment in subsidiary company	-	-	14,100	-
Interest expenses	67,758	60,934	67,758	60,934
Interest incomes	(2)	(9)	(5,958)	(6,633)
Profit (loss) from operating activities before changes in operating assets and liabilities	120,809	578,996	122,123	576,019
(Increase) Decrease in Trade accounts receivable	(86,102)	51,848	(86,102)	51,848
(Increase) Decrease in Inventories	21,077	(49,956)	21,077	(49,956)
(Increase) Decrease in Finished condominium units	19,012	9,506	-	-
(Increase) Decrease in Spare parts and supplies	21,570	4,393	21,570	4,393
(Increase) Decrease in Accounts receivable - Revenue Department	(5,136)	(3,726)	(5,136)	(3,726)
(Increase) Decrease in Accounts receivable - related companies	-	-	-	4,607
(Increase) Decrease in Other current assets	(31,674)	(69,749)	(31,674)	(74,356)
(Increase) Decrease in Other non-current assets	80	(261)	95	(176)
Increase (Decrease) in Trade accounts payable	324,937	77,637	324,937	77,637
Increase (Decrease) in Accrued expenses	11,466	2,569	11,202	2,793
Increase (Decrease) in Other current liabilities	(4,817)	17,473	(4,798)	17,432
Increase(Decrease) in estimation liability	(19,012)	-	-	-
Increase (Decrease) in Other non - current liabilities	4,353	4,043	4,353	4,043
NET CASH RECEIVED (USED) FROM OPERATING ACTIVITIES	376,563	622,773	377,647	610,558
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash received for interest incomes	1	9	1	11,240
Advance for purchase assets	15,214	(21,198)	15,214	(21,198)
Purchase Property, plant and equipment	(30,397)	(17,527)	(30,397)	(17,527)
NET CASH RECEIVED (USED) FROM INVESTING ACTIVITIES	(15,182)	(38,716)	(15,182)	(27,485)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (Decrease) in Bank overdrafts and short-term loans from financial Institutions	(285,396)	(439,737)	(285,396)	(439,737)
Repayment of long - term loans	(15,908)	(174,227)	(15,908)	(174,227)
Received loans from subsidiary, related company, and director	-	100,000	-	100,000
Cash paid for interest expenses	(68,420)	(63,328)	(68,420)	(63,328)
NET CASH RECEIVED (USED) FROM FINANCING ACTIVITIES	(369,724)	(577,292)	(369,724)	(577,292)
CASH AND CASH EQUIVALENTS INCREASE(DECREASE) - NET	(8,343)	6,765	(7,259)	5,781
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF PERIODS	19,732	11,903	18,104	9,563
CASH AND CASH EQUIVALENTS AS AT THE END OF PERIODS	11,389	18,668	10,845	15,344

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO INTERIM FINANCIAL STATEMENTS
JUNE 30, 2009

1. General

Thai Film Industries Public Company Limited, the “Company”, was registered in Thailand on March 3, 1983 with the registration number 882/2526. It was later registered a conversion to a public company limited on February 1, 1994 with the registration number 0107537000386. The Company is engaged in manufacturing of packaging film. Presently, the Company has offices located at the following addresses:

- a) Head Office and Factory : 73/3 Moo 4, Bangna - Trad Road, Bangchalong, Bangplee, Sumutprakarn.
 b) Factory : 327 Moo 8, Mabkha, Nihompattana Sub-District, Rayong.

The Company and subsidiary have expenses regarding its employees for the three-month and six-month periods ended June 30, 2009 and 2008 as follows :-

	(Unit : Million Baht)			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Employee expenses – three-month	67.96	71.30	67.86	71.19
Employee expenses – six-month	133.55	142.60	133.35	142.39

Employee expenses consisted of salary, overtime, bonuses, accommodation, etc.

2. Basis of Financial Statement Preparation

2.1. The Consolidated and the Company only financial statements were prepared in accordance with the generally accepted accounting principles under the Accounting Act B.E. 2543 which implied the accounting standard set by the Federation of Accounting Professions established in accordance with the Accounting Professions Act B.E. 2547 which is presently in effect.

2.2. The Company prepared its statutory financial statements in the Thai language in accordance with the generally accepted accounting principles as applied in Thailand which the accounting principles used may be different, in certain aspects, from generally accepted accounting principles applied in other countries. For the convenience of the readers, the financial statements were translated into English from the statutory financial statements in Thai which are issued for the domestic reporting purpose.

2.3. Basis of Financial Statement Preparation

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2007) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, and the statements of income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO INTERIM FINANCIAL STATEMENTS
JUNE 30, 2009

The accompanying financial statements are prepared in Thai Baht and show unit amounts at Thousand Baht, except that identify the other unit.

Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions has issued Notification No. 12/2552, regarding the renumbering of Thai Accounting Standards to match the corresponding International Accounting Standards. Therefore the numbers of Thai Accounting Standards as used in these financial statements are corresponding to those per this notification.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

a) Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

Framework for Preparation and Presentation of Financial Statements (revised 2007)	
TAS 36 (revised 2007)	Impairment of Assets
TFRS 5 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations (the former No. TAS 54)
Accounting Treatment Guidance for Leasehold right	
Accounting Treatment Guidance for Business Combination under Common Control	

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these accounting standards, financial reporting standard and accounting treatment guidance will not have any significant impact on the financial statements for the current period.

b) Accounting standards which are not effective for the current year

		<u>Effective date</u>
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allows early adoption by the entity before the effective date.

The management of the Company is still evaluating the effect of these three accounting standards and has not been able to reach a conclusion as to their effect to the financial statements for the year in which they are initially applied.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO INTERIM FINANCIAL STATEMENTS

JUNE 30, 2009

2.4. Significant accounting policies.

The Company prepared the interim financial statements is the accounting policies used to the annual financial statements for the year ended December 31, 2008 excepted for the using of revised Thai Accounting Standards (TAS) as described in Note 2.3. As a result, these interim financial statements should be simultaneously read in conjunction with the financial statements for the accounting year of 2008.

2.5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. The significant accounting judgments and estimates are as follows:

Allowance for doubtful accounts

Allowances for doubtful accounts are intended to adjust the value of receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses for each outstanding debtor. The allowances for doubtful accounts are determined through a combination of specific reviews, collection experience, and analysis of debtor aging, taking into account changes in the current economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for receivable losses and adjustments to the allowances may therefore be required in the future.

Impairment of investments

The Company and subsidiaries treat investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

Depreciation

In calculating depreciation of plant and equipment, the management estimates useful lives and salvage values of the plant and equipment and reviews estimated useful lives and salvage values if there are any changes.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO INTERIM FINANCIAL STATEMENTS
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3. Basis of Preparation of the Consolidated Financial Statements

3.1 The consolidated financial statements have been prepared by including the financial statements of Thai Film Industries Public Company Limited and the subsidiary company as follows : -

<u>Company name</u>	<u>Investment Ratio</u>		<u>Type of Business</u>	<u>Incorporated in</u>
	<u>As at</u>	<u>As at</u>		
	<u>June 30, 2009</u>	<u>December 31, 2008</u>		
- Riverside Tower Co., Ltd.	99.99%	99.99%	Property development and sales of condominium units	Thailand

The accounting period of the subsidiary company ends on the same date as the accounting period of Thai Film Industries Public Company Limited. The investment in the subsidiary company that the Company holds more than 99% of shares are considered as 100%.

3.2 The outstanding balances and material inter-company transactions of the Company and the subsidiary company including the investment in the subsidiary company in the Company account and the share capital of the subsidiary company have been already eliminated from the consolidated financial statements.

4. Reclassification

Certain amounts in the financial statements for the three-month and six-month periods ended June 30, 2008 have been reclassified to conform to the current year’s classifications, with no effect on previously reported net income or shareholders' equity.

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THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO INTERIM FINANCIAL STATEMENTS

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5. Inter – Transactions between Related Companies

The Company has accounting transactions to occur with the subsidiary company and related companies and persons having the same shareholder’s group and mutual directors. Significant inter-transactions and remaining balances between the company with the subsidiary company, related companies and persons could be summarized as follows: -

5.1 Inter-Assets and Liabilities

(Unit : Thousand Baht)

<u>Type of Transaction/Company’s Name</u>	<u>Relationship</u>	<u>Consolidated</u>		<u>Separate</u>	
		<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>
		<u>June 30,</u>	<u>December 31,</u>	<u>June 30,</u>	<u>December 31,</u>
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
- Loan receivable and advance payment					
Consist of:-					
Riverside Tower Co., Ltd.	Subsidiary company				
Beginning		-	-	185,141	185,141
<u>Add Loans during the period</u>		-	-	-	-
<u>Less Received repayment during the period</u>		-	-	-	-
Ending		-	-	185,141	185,141
Thai Film Bangladesh Co., Ltd.	Related company				
Beginning		37,965	37,965	37,965	37,965
<u>Add Loans during the period</u>		-	-	-	-
<u>Less Received repayment during the period</u>		-	-	-	-
Ending		37,965	37,965	37,965	37,965
<u>Less Allowance for doubtful debt</u>		(37,965)	(37,965)	(37,965)	(37,965)
Net		-	-	-	-
Total		-	-	185,141	185,141
- Other Receivable					
Quality Coffee Product Co., Ltd.	The some shareholders and directors				
		202	202	202	202
Total		202	202	202	202

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JUNE 30, 2009

(Unit : Thousand Baht)

	<u>Relationship</u>	<u>Consolidated</u>		<u>Separate</u>	
		<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>
		<u>June 30,</u>	<u>December 31,</u>	<u>June 30,</u>	<u>December 31,</u>
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
- Loans from related company					
Consist of :-					
Lakewood Land Co., Ltd.	Related company				
Beginning		-	-	-	-
<u>Add Loans during the period</u>		-	250,000	-	250,000
<u>Less Payment during the period</u>		-	(250,000)	-	(250,000)
Ending		-	-	-	-
- Accrued Interest Revenue					
Riverside Tower Co., Ltd.	Subsidiary company	-	-	25,368	19,411
Total		-	-	25,368	19,411

During the year 2008 the Company has written-off receivable - TFM Packaging Film Co.,Ltd., by reversal the allowance for doubtful debt.

During the year 2008 loan from Lakewood Land Co., Ltd., represented loan due at call on demand with the interest rates at 3% and 4% per annum.

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5.2 Inter-Revenue and Expense

(Unit : Thousand Baht)

<u>Type of Transaction/Company's Name</u>	<u>Relationship</u>	<u>Consolidated</u>		<u>Separate</u>	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>For the three-month periods ended June 30,</u>					
- Income from Rental of land					
Quality Coffee Product Co., Ltd.	The some shareholders and directors	605	605	605	605
- Income from Rental of condominium units					
Lakewood Land Co., Ltd.	Related company	140	140	-	-
Mr. Prayut Mahakitsiri	Chairman	560	560	-	-
- Common Area Expense					
PM Riverside Juristic Person	Mutual directors	758	811	-	-
- Interest income					
Riverside Tower Co., Ltd.	Subsidiary company	-	-	2,862	3,336
- Interest expense					
Lakewood Land Co., Ltd.	Related company	-	997	-	997

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(Unit : Thousand Baht)

<u>Type of Transaction/Company's Name</u>	<u>Relationship</u>	<u>Consolidated</u>		<u>Separate</u>	
		<u>For the six-month periods ended June 30,</u>			
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
- Income from Rental of land					
Quality Coffee Product Co., Ltd.	The some shareholders and directors	1,210	1,210	1,210	1,210
- Income from Rental of condominium units					
Lakewood Land Co., Ltd.	Related company	280	280	-	-
Mr. Prayut Mahakitsiri	Chairman	1,121	1,121	-	-
- Common Area Expense					
PM Riverside Juristic Person	Mutual directors	1,539	1,487	-	-
- Interest income					
Riverside Tower Co., Ltd.	Subsidiary company	-	-	5,957	6,625
- Interest expense					
Lakewood Land Co., Ltd.	Related company	-	997	-	997

The revenue from rental fee is the lease agreements for some pieces of lands not in operation entered into with a related company. The lessee has to pay monthly rental fee at Baht 201,740 per month. The said agreement is for a period of 2 years commencing from December 1, 2007 until November 30, 2009 where the lessee can extend the agreement's period by informing the Company at least one month prior to the expired date of the lease agreement.

At the Board of directors' Meeting No. 10/2552 on June 8, 2009, the directors passed an unanimously approval to extend the lease agreement and the lessee shall pay monthly rental fee at Baht 201,740 per month. The said agreement is for a period of 3 years commencing from December 1, 2009 until November 30, 2012 where the lessee can extend the agreement's period by informing the Company at least one month prior to the expired date of the lease agreement.

The revenue from rental of condominium units with the related company and Chairman was mutually agreed. Tenor of these contracts is 1 year (monthly rental fee at Baht 50,000 per unit in 2009 and in 2008).

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THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO INTERIM FINANCIAL STATEMENTS

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6. Trade Accounts Receivable - Net

Consist of :-

	(Unit : Thousand Baht)	
	Consolidated / Separate	
	As at June 30, 2009	As at December 31, 2008
<u>Domestic Trade Accounts Receivable</u>		
Trade Accounts Receivable within Credit Term	135,203	90,034
Aging of Trade Accounts Receivable :-		
- Less than 3 Months	43,529	25,872
- Over 3 Months to 6 Months	-	-
- Over 6 Months to 9 Months	-	-
- Over 9 Months	977	992
Total	179,709	116,898
<u>Foreign Trade Accounts Receivable</u>		
Trade Accounts Receivable within Credit Term	135,468	97,612
Aging of Trade Accounts Receivable :-		
- Less than 3 Months	4,323	21,847
- Over 3 Months to 6 Months	-	6
- Over 6 Months to 9 Months	-	-
- Over 9 Months	4,677	4,803
Total	144,468	124,268
Notes Receivable	26,038	23,457
<u>Less</u> Allowance for doubtful debt	-	-
Net	350,215	264,623

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THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO INTERIM FINANCIAL STATEMENTS
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7. Inventories - Net

Consist of:-

	(Unit : Thousand Baht)	
	Consolidated / Separate	
	As at June 30, 2009	As at December 31, 2008
Finished goods	57,682	61,196
Work in process	14,992	9,352
Raw materials	66,719	118,972
Packaging	18,283	14,328
Raw materials in transit	33,944	8,848
Total	191,620	212,696
<u>Less</u> Allowance for obsolete stock	(1,400)	-
Total	190,220	212,696

Allowance for obsolete stock is changed during the periods as follows:-

	(Unit : Thousand Baht)	
	Consolidated/Separate	
	As at June 30, 2009	December 31, 2008
Beginning balance	-	766
Increase	1,400	-
Decrease	-	(766)
Ending balance	1,400	-

In the year 2008, the Company reversed the whole amount of the allowance for obsolete stock as they were returned.

During the period 2009, the Company was recognized allowance for obsolete stock as reserve for stock return.

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8. Finished Condominium Units – Net

Consist of:-

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	As at June 30, 2009	As at December 31, 2008	As at June 30, 2009	As at December 31, 2008
Finished Condominium Units	443,759	462,770	-	-
<u>Less</u> Allowance loss for Impairment	(18,897)	(18,897)	-	-
Net	<u>424,862</u>	<u>443,873</u>	<u>-</u>	<u>-</u>

As at June 30, 2009 and December 31, 2008, 5 condominium units with book value of Baht 46.07 million, respectively were used for rent. The rental contracts have a tenor of 1 year, the management of subsidiary intended to sell such finished condominium units, accordingly, the asset were presented as inventories.

As at June 30, 2009 the subsidiary values its finished condominium units at the lower of cost or net realizable value. Net realizable value is based on the appraisal report (The Valuation & Consultants Co., Ltd.) dated August 14, 2008 by market approach. The appraiser values compared to the previous report dated September 28, 2007 by the same appraisal company was shown immaterial difference.

9. Advance for Investment - Net

Consist of:-

	(Unit : Thousand Baht)	
	Consolidated / Separate	
	As at June 30, 2009	As at December 31, 2008
Advance payment for investment	45,594	45,594
<u>Less</u> Allowance for Doubtful debt	(45,594)	(45,594)
Net	<u>-</u>	<u>-</u>

This account represents an advance payment of approximately Baht 46 million to purchase land for construction of a factory to enable the Company to expand its production base in a foreign country. The management of the Company is in the process of negotiation and filing for a legal case for the refund of the advance as a result of the breach of the investment agreement. The Company has fully recorded an allowance for doubtful debt in respect of this advance.

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NOTES TO INTERIM FINANCIAL STATEMENTS

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The significant financial data of TCI are as follows :

	(Unit : Million Baht)	
	As at June 30, 2009	As at December 31, 2008
	“Unreviewed”	“Unaudited”
Total Assets*	N/A	19,037
Total liabilities	N/A	20,477
Total shareholders' equity*	N/A	(1,440)

*If TCI recorded the allowance for impairment of asset based on the appraisal report of independent appraiser dated on September 28, 2007. Total asset and total shareholders' equity will be decreased in amount of Baht 12,530 million.

	(Unit : Million Baht)	
	2009	2008
	“Unreviewed”	“reviewed”
For the six-month periods ended June 30,		
Total revenues	N/A	95
Net loss	N/A	(1,087)

Up to present TCI has not yet operated, therefore the mentioned company did not prepare the interim financial statements for the year 2009.

The Consolidated Financial Statement

The Company has ceased to calculate the equity loss in TFM Packaging Film Co., Ltd. which in the process of being liquidated. The Company's equity recognized equally to their investment (zero). In the cost method, the Company set up an allowance for impairment of the investment in full (Baht 160 million) and allowance for doubtful account on the loan, interest receivables and advance in full (Baht 25 million). During the year 2008, the Company has written - off investment in TFM Packaging Film Co., Ltd by reversal the allowance for impairment loss.

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THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
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11. Other long-term investments - related companies – Net

Consist of:-

<u>Company</u>	<u>Country of Business</u>	<u>Type of business</u>	<u>Capital paid-up</u>	<u>Consolidated / Separate</u>			
				<u>Percentage of Investments</u>		<u>Value of Investment</u>	
				<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>
				<u>June 30,</u>	<u>December 31,</u>	<u>June 30,</u>	<u>December 31,</u>
				<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Lakewood Land Co., Ltd.	Thailand	Real Estate	Baht 290 million	10.00	10.00	43,500	43,500
Lakewood Country Club., Ltd.	Thailand	Golf Course	Baht 10 million	5.00	5.00	750	750
Thai Film Bangladesh Co., Ltd.	Bangladesh	Packaging Film	Taka 112million				
(Bangladesh Taka currency)				53.57	53.57	37,487	37,487
Total						81,737	81,737
<u>Less</u> Allowance for impairment of investment						(37,487)	(37,487)
Net						44,250	44,250

12. Land used in operation - at appraised value

As at June 30, 2009 and December 31, 2008, the lands used in operation were represented as appraise value. According to the report of independent appraiser dated in December 2006 using market value method.

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13. Plant and Equipment-Net

Consist of:-

(Unit : Thousand Baht)

	Consolidated							Total
	Buildings and improvements	Machineries	Equipment and tools	Furnitures, fixtures and office equipments	Vehicles	Other	Machinery and Equipment Under installation	
Cost								
As at December 31, 2008	441,455	3,889,851	263,425	65,549	62,057	1,164	4,576	4,728,077
Purchase	-	24,457	993	811	-	-	4,135	30,396
Transfer from work in process	-	-	-	-	-	-	-	-
Amortized	-	-	-	-	-	-	-	-
As at June 30, 2009	441,455	3,914,308	264,418	66,360	62,057	1,164	8,711	4,758,473
Capital Surplus from Revaluation								
As at December 31, 2008	-	2,314,193	-	-	-	-	-	2,314,193
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at June 30, 2009	-	2,314,193	-	-	-	-	-	2,314,193
Accumulated Depreciation								
As at December 31, 2008	(274,480)	(2,772,360)	(249,928)	(59,297)	(56,155)	(1,015)	-	(3,413,235)
Depreciation for the period	(3,758)	(46,330)	(2,310)	(1,285)	(1,505)	(101)	-	(55,289)
Amortized	-	-	-	-	-	-	-	-
As at June 30, 2009	(274,480)	(2,818,690)	(252,238)	(60,582)	(57,660)	(1,116)	-	(3,468,524)

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(Unit : Thousand Baht)

	Consolidated							Total
	Buildings and improvements	Machineries	Equipment and tools	Furnitures, fixtures and office equipments	Vehicles	Other	Machinery and Equipment Under installation	
Accumulated Depreciation from Capital Surplus from Revaluation								
As at December 31, 2008	-	(1,175,183)	-	-	-	-	-	(1,175,183)
Depreciation for the period	-	(62,970)	-	-	-	-	-	(62,970)
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at June 30, 2009	-	(1,238,153)	-	-	-	-	-	(1,238,153)
Net Book Value								
As at December 31, 2008	166,975	2,256,501	13,497	6,252	5,902	149	4,576	2,453,852
As at June 30, 2009	163,217	2,171,658	12,180	5,778	4,397	48	8,711	2,365,989
Depreciation for the six-month periods ended								
As at June 30, 2008	3,773	44,949	2,280	1,348	1,487	103	-	53,940
As at June 30, 2009	3,758	46,330	2,310	1,285	1,505	101	-	55,289

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(Unit : Thousand Baht)

	Consolidated							Total
	Buildings and improvements	Machineries	Equipment and tools	Furnitures, fixtures and office equipments	Vehicles	Other	Machinery and Equipment Under installation	
Cost								
As at December 31, 2007	441,455	3,880,364	257,623	63,608	57,304	1,164	764	4,702,282
Purchase	-	5,467	1,970	935	4,753	-	4,402	17,527
Transfer from work in process	-	-	-	480	-	-	(480)	-
Amortized	-	-	-	-	-	-	-	-
As at June 30, 2008	441,455	3,885,831	259,593	65,023	62,057	1,164	4,686	4,719,809
Capital Surplus from Revaluation								
As at December 31, 2007	-	2,314,193	-	-	-	-	-	2,314,193
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at June 30, 2008	-	2,314,193	-	-	-	-	-	2,314,193
Accumulated Depreciation								
As at December 31, 2007	(266,892)	(2,681,527)	(245,301)	(56,627)	(53,060)	(809)	-	(3,304,216)
Depreciation for the period	(3,773)	(44,949)	(2,280)	(1,348)	(1,487)	(103)	-	(53,940)
Amortized	-	-	-	-	-	-	-	-
As at June 30, 2008	(270,665)	(2,726,476)	(247,581)	(57,975)	(54,547)	(912)	-	(3,358,156)

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(Unit : Thousand Baht)

	Consolidated							Total
	Buildings and improvements	Machineries	Equipment and tools	Furnitures, fixtures and office equipments	Vehicles	Other	Machinery and Equipment Under installation	
Accumulated Depreciation from Capital Surplus from Revaluation								
As at December 31, 2007	-	(1,046,204)	-	-	-	-	-	(1,046,204)
Depreciation for the period	-	(64,137)	-	-	-	-	-	(64,137)
Adjusted from Revaluation								
As at June 30, 2008	-	(1,110,341)	-	-	-	-	-	(1,110,341)
Net Book Value								
As at December 31, 2007	174,563	2,466,826	12,322	6,981	4,244	355	764	2,666,055
As at June 30, 2008	170,790	2,363,207	12,012	7,048	7,510	252	4,686	2,565,505
Depreciation for the six-month periods ended								
June 30, 2007	3,753	42,457	2,186	1,394	1,336	104	-	51,230
June 30, 2008	3,773	44,949	2,280	1,348	1,487	103	-	53,940

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(Unit : Thousand Baht)

	Separate							Total
	Buildings and improvements	Machineries	Equipment and tools	Furnitures, fixtures and office equipments	Vehicles	Other	Machinery and Equipment Under installation	
Cost								
As at December 31, 2008	441,455	3,889,851	263,292	63,995	62,057	-	4,576	4,725,226
Purchase	-	24,457	993	811	-	-	4,135	30,396
Transfer from work in process	-	-	-	-	-	-	-	-
Amortized	-	-	-	-	-	-	-	-
As at June 30, 2009	441,455	3,914,308	264,285	64,806	62,057	-	8,711	4,755,622
Capital Surplus from Revaluation								
As at December 31, 2008	-	2,314,193	-	-	-	-	-	2,314,193
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at June 30, 2009	-	2,314,193	-	-	-	-	-	2,314,193
Accumulated Depreciation								
As at December 31, 2008	(274,480)	(2,772,360)	(249,815)	(57,841)	(56,155)	-	-	(3,410,651)
Depreciation for the period	(3,758)	(46,330)	(2,299)	(1,233)	(1,505)	-	-	(55,125)
Amortized	-	-	-	-	-	-	-	-
As at June 30, 2009	(278,238)	(2,818,690)	(252,114)	(59,074)	(57,660)	-	-	(3,465,776)

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(Unit : Thousand Baht)

	Separate							
	Buildings and improvements	Machineries	Equipment and tools	Furnitures, fixtures and office equipments	Vehicles	Other	Machinery and Equipment Under installation	Total
Accumulated Depreciation from Capital Surplus from Revaluation								
As at December 31, 2008	-	(1,175,183)	-	-	-	-	-	(1,175,183)
Depreciation for the period	-	(62,970)	-	-	-	-	-	(62,970)
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at June 30, 2009	-	(1,238,153)	-	-	-	-	-	(1,238,153)
Net Book Value								
As at December 31, 2008	166,975	2,256,501	13,477	6,154	5,902	-	4,576	2,453,585
As at June 30, 2009	163,217	2,171,658	12,171	5,732	4,397	-	8,711	2,365,886
Depreciation for the six-month periods ended								
June 30, 2008	3,773	44,949	2,269	1,275	1,487	-	-	53,753
June 30, 2009	3,758	46,330	2,299	1,233	1,505	-	-	55,125

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(Unit : Thousand Baht)

	Separate							Total
	Buildings and improvements	Machineries	Equipment and tools	Furnitures, fixtures and office equipments	Vehicles	Other	Machinery and Equipment Under installation	
Cost								
As at December 31, 2007	441,455	3,880,364	257,490	62,054	57,304	-	764	4,699,431
Purchase	-	5,467	1,970	935	4,753	-	4,402	17,527
Transfer from work in process	-	-	-	480	-	-	(480)	-
Amortized	-	-	-	-	-	-	-	-
As at June 30, 2008	441,455	3,885,831	259,460	63,469	62,057	-	4,686	4,716,958
Capital Surplus from Revaluation								
As at December 31, 2007	-	2,314,193	-	-	-	-	-	2,314,193
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at June 30, 2008	-	2,314,193	-	-	-	-	-	2,314,193
Accumulated Depreciation								
As at December 31, 2007	(266,892)	(2,681,527)	(245,210)	(55,311)	(53,060)	-	-	(3,302,000)
Depreciation for the period	(3,773)	(44,949)	(2,269)	(1,275)	(1,487)	-	-	(53,753)
Amortized	-	-	-	-	-	-	-	-
As at June 30, 2008	(270,665)	(2,726,476)	(247,479)	(56,586)	(54,547)	-	-	(3,355,753)

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THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO INTERIM FINANCIAL STATEMENTS

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(Unit : Thousand Baht)

	Separate							Total
	Buildings and improvements	Machineries	Equipment and tools	Furnitures, fixtures and office equipments	Vehicles	Other	Machinery and Equipment Under installation	
Accumulated Depreciation from Capital Surplus from Revaluation								
As at December 31, 2007	-	(1,046,204)	-	-	-	-	-	(1,046,204)
Depreciation for the period	-	(64,137)	-	-	-	-	-	(64,137)
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at June 30, 2008	-	(1,110,341)	-	-	-	-	-	(1,110,341)
Net Book Value								
As at December 31, 2007	174,563	2,466,826	12,280	6,743	4,244	-	764	2,665,420
As at June 30, 2008	170,790	2,363,207	11,981	6,883	7,510	-	4,686	2,565,057
Depreciation for the six-month periods ended								
June 30, 2007	3,753	42,457	2,175	1,298	1,336	-	-	51,019
June 30, 2008	3,773	44,949	2,269	1,275	1,487	-	-	53,753

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**NOTES TO INTERIM FINANCIAL STATEMENTS****JUNE 30, 2009**

In consolidated financial statements, depreciation for the six-month ended periods June 30, 2009 and 2008 amounted to Baht 52.06 million and Baht 50.49 million, respectively, are included in cost of sales, and Baht 3.23 million and Baht 3.45 million, respectively, are included in selling and administrative expenses.

In The Separate Financial Statement, depreciation for the six-month periods ended June 30, 2009 and 2008 amounted to Baht 52.06 million and Baht 50.49 million, respectively, are included in cost of sales, and Baht 3.06 million and Baht 3.27 million, respectively, are included in selling and administrative expenses.

In the year 2006, the machinery used in operation was re-appraised. According to the report of independent appraiser using replacement cost method, the appraised value of the machinery had increased from the previous appraisal in amount of Baht 1,037.91 million which was reported as a part of “shareholder’s equity” in the balance sheet.

As at June 30, 2009 and December 31, 2008, the Company has machineries and equipments that fully depreciated but still in use at Baht 797.29 Million and Baht 792.53 million, respectively.

14. Property, Plant and Equipment not use in Operation - Net

In the year 2006, all the lands and machinery not used in operation were re-appraised. According to reports of independent appraiser using the market value method and replacement cost method respectively, the appraised values the of all the lands were equal to the appraised value in the year 2005 while the appraised value of the machinery had decreased from the previous appraisal by approximately Baht 3.28 million. The Company recognized this loss in the 2006 income statement.

The Company had appraised machinery not used in operations at cost in amount of Baht 32.43 million. As at June 30, 2009 and December 31, 2008, the Company had already provided for the allowance for impairment of such machinery at the full amount.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO INTERIM FINANCIAL STATEMENTS

JUNE 30, 2009

15. Cost of property to be developed - Net

Consist of :

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	As at June 30, 2009	As at December 31, 2008	As at June 30, 2009	As at December 31, 2008
Land	127,875	127,875	-	-
Foundation Cost	51,637	51,637	-	-
Total	179,512	179,512	-	-
<u>Less</u> Allowance for loss from impairment	(48,337)	(48,337)	-	-
Net	<u>131,175</u>	<u>131,175</u>	<u>-</u>	<u>-</u>

The whole amount of the cost of property to be developed was the construction cost of office for rent, its project commencing from 1995 but as a result of the economic condition at that time the project had to be delayed and the subsidiary company needed to concentrate on managing and selling of all condominium unit in PM Riverside Project first.

16. Bank Overdrafts and Short – Term Loans due to Financial Institutions

Consist of:

	(Unit : Thousand Baht)	
	Consolidated / Separate	
	As at June 30, 2009	As at December 31, 2008
Bank overdrafts	90,038	102,570
Packing credits	114,151	76,883
Liabilities under trust receipts	410,326	570,191
Promissory notes	346,488	559,729
Short – term loans	130,134	94,722
Total	<u>1,091,137</u>	<u>1,404,095</u>

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THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO INTERIM FINANCIAL STATEMENTS

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As at June 30, 2009 and December 31, 2008, the Company has bank overdrafts, packing credits, liabilities under trust receipts, promissory notes and letters of credit which were credit facilities received from many local banks as follows :-

(Unit : Million)

<u>Currency</u>	<u>As at June 30,</u> <u>2009</u>	<u>Consolidated / Separate</u>		<u>Interest rate</u> <u>Per annum</u>
		<u>Interest rate</u> <u>Per annum</u>	<u>As at December 31,</u> <u>2008</u>	
Baht	2,061.13	1.00 – 8.75	1,973.75	4.60-8.50
US Dollar	1.20	SIBOR+3.50	6.41	SIBOR+3.50

These credit facilities are secured by assets and personal guarantee as mentioned in the note to financial statements No.17

As at June 30, 2009 and December 31, 2008 the Company had unutilized credit facility balances by approximately Baht 400.60 million and Baht 435.04 million, respectively.

Under the trust receipts contract, The Company has received that import goods under credit of bank without any payment. However the company has liabilities with the bank for goods.

Two tranches of short term loans with a local bank is scheduled for monthly repayment during April 2009 to July 2009 and during October 2007 to September 2009. However the Company has not repaid such loans since May 2009. As on May 27, 2009, the Company issued a request the local bank to postpone the repayment schedule of such loans. Presently the request is in process of considering by the mentioned local bank. The Company, however still pay monthly interest expenses.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO INTERIM FINANCIAL STATEMENTS

JUNE 30, 2009

17. Long-Term Loans

Consist of:

	(Unit : Thousand Baht)	
	Consolidated / Separate	
	As at June 30, 2009	As at December 31, 2008
Interest rate		
Per annum		
17.1 Debt from debt restructuring agreement entered into with a local bank at Baht 501 million with the principal and interest repayable in 32 quarterly installments at the same amount for each installment not less than Baht 15.70 million, commencing on December 31, 2002. The Company has to pay the accrued interest since September 2003 for the outstanding debt within June 23, 2004. The Company has to repay the remaining outstanding debt according to the terms stipulated in the memorandum of amendment dated June 23, 2004.		
However the above local bank has transferred the right to claim some portion of loans to an Assets Management Company (17.2). On December 24, 2008, the Company got an approval from the bank to postpone the repayment schedule for the periods December 2008 to September 2010 to be the periods March 2009 to December 2010.	MLR-1%	5,731
17.2 Debt from debt restructuring agreement entered into an Assets Management Company which was transferred the right to claim some portion of loans from the above local bank (17.1) with the same conditions.		7,639
On February 17, 2009, the Company got an approval from the management company to postpone the repayment schedule for the periods December 2008 to September 2010 to be the periods March 2009 to December 2010. As per the memorandum of amendment of debt restructuring agreement (No. 1) dated April 30, 2009, The Company got an approval from the above Assets Management Company to minimize the installment amount in March 2009 and June 2009 and net effect of revision amount shall be paid with final installment in December 30, 2010.	MLR-1%	103,706
		117,706

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THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

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(Unit : Thousand Baht)

	Consolidated / Separate	
	As at June 30, 2009	As at December 31, 2008
17.3 Loans from refinancing with a local bank at USD 54 million, repayable semi – annually for 12 installments at the same amount for each installment and commencing on September 30, 2003. As at March 25, 2005, the whole amount of the remaining debt was translated from USD currency into Baht currency. For the remaining outstanding balance prior to June 30, 2006, the Company has to repay according to the amended agreement dated June 30, 2006.		
On December 16, 2008, the Company got an approval to postpone the repayment schedule for the periods December 2008 to December 2010 to be the periods March 2009 to March 2011.		
On February 16, 2009, the Company got an approval to postpone the repayment schedule for the periods March 2009 to March 2011 to be the periods March 2010 to September 2012.	MLR-0.5%	808,429
17.4 Loans from a local bank at Baht 500 million, repayable in 16 quarterly installments at the same amount for each installment, commencing on August 31, 2005. As at November 16, 2005, the credit limit has been decreased by Baht 77 million thus the credit limit remained at Baht 423 million. (Interest rate of 1 st -2 nd year at the rate of MLR-1 per annum and the 3 rd year at the rate of MLR per annum).		
On December 16, 2008, the Company got an approval to postpone the repayment schedule for the periods November 2008 to May 2009 to be the periods February 2009 to August 2009.		
On February 16, 2009, the Company got an approval to postpone the repayment schedule for the periods February 2009 to August 2009 to be the periods February 2010 to August 2010.	MLR%	79,336
Total		997,202
Less Current Portion of Long - Term Loans		(165,563)
Net		831,639

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

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Under the terms of the above mentioned agreements, the Company must comply with the terms and conditions in the agreements such as default payment, creation of additional debt obligations, dividend payment, and maintaining of debt to equity ratio, etc.

The loans including credit facilities from the banks (as mentioned in note to financial statement No. 16 are guaranteed by pledging :-

- a) The Company’s land and machinery totaling Baht 2,616.80 million
- b) The Company’s new machinery acquired after the date of the loan agreements.
- c) Shares capital in other company
- d) A director of the Company offers his/her personal guarantee.

18. Estimation Liability

Duration the year 2008, the subsidiary has already recorded compensate for the claim for breaching of contracts for not transferring a condominium units as at June 30, 2009 and December 31, 2008 follows:

		(Unit : Thousand Baht)	
		June 30, 2009	December 31, 2008
18.1	As per a verdict passed by the Civil Court on September 26, 2008	80,838	78,517
18.2	As per the Board of Director Resolution on January 5, 2009	-	19,011
18.3	As per a verdict passed by the Civil Court on June 18, 2009	450	-
Total		81,288	97,528

18.1 On September 26, 2008, the Civil Court passed a verdict ordering a subsidiary to compensate for the claim amount together with interest of approximately as at June 30, 2009 and December 31, 2008 at amount of Baht 80.84 million and Baht 78.52 million, respectively, for breaching of contract for not transferring a condominium unit (interest that calculated until June 30, 2009 and December 31, 2008 is amount of Baht 18.43 million and Baht 16.11 million, respectively). The subsidiary company, therefore has already recorded the whole amount of this claim into accounts. However the subsidiary has appealed the court’s decision on November 28, 2008 and made the appeal amendment to the Appeal Court on December 30, 2008. The Southern Bangkok Civil Court and the Appeal Court have appointed for the hearing of the ordering on September 11, 2009.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO INTERIM FINANCIAL STATEMENTS

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18.2 As per the Board of Director Meeting no. 1/2552 dated January 5, 2009, Chairman of the meeting informed that on August 25, 1995, the subsidiary received deposits for 4 units of condominium at the amount of Baht 20.09 million as per the to purchase and to sell condominium agreement between the subsidiary and an individual person. However, the individual person did not response to the subsidiary letters which were issued on December 15, 1998 and February 25, 1999, respectively to request him to arrange the date of transferring the condominium units. The subsidiary therefore reversed the deposits as other income in year 2002. Later on the individual person has claimed for the deposits and asked the subsidiary to compensate by transferring the two units of condominium no. 984/86 and no. 984/87. To avoided any litigation issue to the subsidiary, the meeting has considered and approved the subsidiary to transfer the mentioned two units of condominium to him at amount of Baht 19.01 million which the amount was quite equal to the deposits received. The subsidiary has already recorded the whole amount of compensation cost into accounts in year 2008. And on February 24, 2009 the Company has already transferred the mentioned two units of condominium to the authorized of the individual person.

18.3 On June 18, 2009 The Supreme Court passed a verdict as agreed with the Appeals Court ordering the subsidiary company to compensate for breaching of contract by transferring common assets to the individual person totaling amount of Baht 0.45 million which was included court fee. In addition the Court ordered the subsidiary company to transfer certain common assets to the Plaintiff or compensate amount of Baht 1 million if the subsidiary company can not transfer such common assets. The subsidiary company’s management believes that the such common assets shall be transferred to the Plaintiff. And the transferring such common assets has been handling by the subsidiary company’s lawyer.

19. Other income

For the three-month periods ended June 30, 2009 and 2008 details of financial information shown other income consist of:-

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	2009	2008	2009	2008
Gain on exchange rate	18,864	-	18,864	-
Income from sales scrap	17,036	23,990	17,036	23,990
Other income	3,809	6,836	5,969	9,470
Total	39,709	30,826	41,869	33,460

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NOTES TO INTERIM FINANCIAL STATEMENTS

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For the six-month periods ended June 30, 2009 and 2008 details of financial information shown other income consist of:-

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	2009	2008	2009	2008
Gain on exchange rate	15,432	17,389	15,432	17,389
Income from sales scrap	31,036	44,780	31,036	44,780
Other income	7,199	10,731	11,753	15,953
Total	<u>53,667</u>	<u>72,900</u>	<u>58,221</u>	<u>78,122</u>

20. Corporate Income Tax

The Company has no income tax payable for the year because of the utilization of tax from deficit of the previous years.

21. Earnings per Share

Basic earnings per Share

The calculation of basic earnings per share of the consolidated and separate financial statements for the three-month and six-month periods ended June 30, 2009 and 2008 was based on the profit (loss) for the period attributable to equity holders of the company.

Net profit (loss) for the period.

	(Unit : Million Baht)			
	Consolidated		Separate	
	2009	2008	2009	2008
For the three-month periods ended June 30,	20	166	20	167
For the six-month periods ended June 30,	(14)	375	(18)	379

Weighted average number of ordinary shares (Basic)

	(Unit : Million shares)			
	Consolidated / Separate			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2009	2008	2009	2008
Number of ordinary shares outstanding at the beginning	1,065	1,065	1,065	1,065
Effect of ordinary shares issued during the period	-	-	-	-
Weighted average number of ordinary shares outstanding during the period (Basic)	<u>1,065</u>	<u>1,065</u>	<u>1,065</u>	<u>1,065</u>

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO INTERIM FINANCIAL STATEMENTS

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22. Promotional Privileges

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520 for production and distribution of films, the Company was granted certain promotional privileges, which include, among others, exemption from custom duties on imported raw material and machinery needed for the promoted products, corporate income tax from taxable income equivalent to 5% of the incremental amount of export sales over prior year for 10 years and exemption from corporate income tax of certain film production for a period of 3 years and 8 years.

Results of the Company’s operations for six-month periods ended June 30, 2009 and 2008, classified into promoted and non-promoted are as follows :-

	(Unit : Million Baht)		
	2009		
	Promoted Business	Non-promoted Business	Total
Revenues			
- Export Sales	-	1,282	1,282
- Local Sales	-	651	651
- Other Income	-	58	58
Total	-	1,991	1,991
Costs and Expenses	-	(2,009)	(2,009)
Net Loss	-	(18)	(18)

	(Unit : Million Baht)		
	2008		
	Promoted Business	Non-promoted Business	Total
Revenues			
- Export Sales	-	2,599	2,599
- Local Sales	-	865	865
- Other Income	-	78	78
Total	-	3,542	3,542
Costs and Expenses	-	(3,163)	(3,163)
Net Profit	-	379	379

Direct costs and expenses are charged to the related business as incurred, while indirect expenses are allocated to each business based on each business revenues.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO INTERIM FINANCIAL STATEMENTS

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23. Disclosure of Segment Business Operation

The Company and subsidiary company engaged in mainly in manufacturing of packaging film and business activity in real estate development and sale condominium units.

For the six-month periods ended June 30, 2009 and 2008 details of financial information shown separately for the business segments are as follows:-

	(Unit: Million Baht)					
	Consolidated					
	Film		Condominium		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenue From Sales - Local	651	865	-	14	651	879
Revenue From Sales - Foreign	1,282	2,599	-	-	1,282	2,599
Total	1,933	3,464	-	14	1,933	3,478
Gross Profit	184	599	-	4	184	603
Profit (loss) before share of loss from investment recorded using the equity method	(4)	379	(10)	(4)	(14)	375
Share of loss from investment recorded using the equity method	-	-	-	-	-	-
Gain on sale investment in Associated Company	-	-	-	-	-	-
Net Profit (loss)	(4)	379	(10)	(4)	(14)	375

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For the six-month periods ended June 30, 2009 and 2008 details of financial information shown separately for the geographical segments are as follows:-

	(Unit: Million Baht)				
	Bopp.	Polyester	Cpp.	Metallized	Total
<u>Year 2009</u>					
Revenue from sales - Local	556	33	52	10	651
Revenue from sales - Foreign					
Asia	911	28	4	21	964
Europe	118	1	-	3	122
American	104	2	-	1	107
Other	80	1	5	3	89
Total	1,769	65	61	38	1,933
<u>Year 2008</u>					
Revenue from sales -Local	777	40	41	7	865
Revenue from sales -Foreign					
Asia	1,651	32	6	54	1,743
Europe	268	23	-	3	294
American	298	-	-	-	298
Other	253	-	2	9	264
Total	3,247	95	49	73	3,464

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO INTERIM FINANCIAL STATEMENTS

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24. Expenses by nature

For the three-month periods ended June 30, 2009 and 2008 details of significant expenses by nature are as follows:-

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Salary and wages and other employee benefits	67,960	71,297	67,859	71,194
Depreciation	28,011	27,065	27,930	26,972
Amortization	21,788	23,566	21,788	23,566
Shut down expenses	5,177	5,156	5,177	5,156
Raw materials and consumables used	791,031	1,218,415	791,031	1,218,415
Changes in inventories of finished goods and work in process	(12,579)	8,900	(12,579)	8,900
Loss on impairment of investment in subsidiary company	-	-	5,100	-
Compensation for the claim	1,617	-	-	-
Loss on exchange rate	-	42,237	-	42,237

For the six-month periods ended June 30, 2009 and 2008 details of significant expenses by nature are as follows:-

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Salary and wages and other employee benefits	133,549	142,596	133,347	142,391
Depreciation	55,289	53,940	55,125	53,753
Amortization	43,432	45,059	43,432	45,059
Shut down expenses	19,845	8,467	19,845	8,467
Raw materials and consumables used	1,428,090	2,462,567	1,428,090	2,462,567
Changes in inventories of finished goods and work in process	(725)	117	(725)	117
Loss on impairment of investment in subsidiary company	-	-	14,100	-
Compensation for the claim	2,771	-	-	-

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**NOTES TO INTERIM FINANCIAL STATEMENTS****JUNE 30, 2009****25. Commitments and Contingent Liabilities**

As at June 30, 2009 in addition to the liabilities reflected in the balance sheets, Thai Film Industries Public Company Limited and its subsidiary companies still have of obligations and contingent liabilities as follows: -

- THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED

25.1 Had outstanding bank guarantees issued on behalf of the Company and for which it is contingently liabilities to the Customs Department, Metropolitan Electricity Authority and the Provincial Electricity Authority amounting to approximately Baht 12.64 million.

25.2 Had unused letters of credit, liabilities under trust receipts and Promissory notes in amount of approximately Baht 172.20 million.

25.3 The Company has export guaranteed entered into with a commercial bank to guarantee against the risk in receiving the payment of exporting goods for leave from the purchaser or the purchaser's bank overseas. The Company holds the right to the export guaranteed at Baht 14.09 million.

25.4 Was a defendant in a legal case with a claim for an additional assessment of electricity expense by approximately Baht 12.80 million. The Appeal Court judged to dismiss a case on January 20, 2005 and the plaintiff applied by appeal to the Supreme Court on March 10, 2005. Prosecutor filed the petition to the Supreme Court and the Supreme Court has appointed for the hearing of court's judgement result on September 16, 2009. The management believed that the deciding of the court will be in advantage to the Company. Therefore, the Company has not made any provision in the accounts in respect of the claim.

25.5 On May 8, 2008 the Company was sued by a bank as the third defendant under the pledging the shares of an associated company as collateral for loan and interest of an associated company totaling Baht 839.42 million. As the negotiation at the court on November 3, 2008 and on December 15, 2008 and on February 27, 2009 and on June 19, 2009 between the plaintiff and the defendants. And the settlement at court including the investigation filing case was held at the court on June 26, 2009. The court has asked for another investigation of the filing case on August 18, 2009. However the Company has sued against the mentioned bank as the first defendant and Thai Asset Management Corporation as the second defendant in the Civil Court case number black case file 3210/2550 seeking the payment for alleged breach of the pledge of shares agreement of an associated company of Baht 369.60 million, including the request for releasing the pledged shares of the mentioned associated company totaling 60 million shares to the Company. As the fact that the Company sued against the bank, the Company pledged the shares as collateral for the period of 4 years and it was not a guarantor of loan. The loan repayment period was 10 years which the grace period for 3.5 years and the loan will be paid within 6.5 years. On September 16, 2008, the Civil Court passed judgment that the mentioned litigation case should be dismissed, the Company, therefore has appealed the Court's decision on October 30, 2008. Presently, the case is in the hearing process of the Appeal Court. The Company's lawyer opined that the outcome of the appeal shall be advantage to the Company.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**NOTES TO INTERIM FINANCIAL STATEMENTS****JUNE 30, 2009****- RIVERSIDE TOWER COMPANY LIMITED**

25.6 Had outstanding bank guarantees issued on behalf of the Company and for which it is contingently liabilities to the Metropolitan Electricity Authority in amount of Baht 0.02 million.

25.7 During 2003, the subsidiary company required a commercial bank to issue a letter of guarantee to South Bangkok Civil court for the amount of Baht 0.79 million in order to secure a relief of enforcement during the appeal of court case in which the subsidiary company was sued for claimant of money placed for operation guarantee by a contractor.

25.8 The subsidiary company has the liabilities that may incur from the prosecuted legal cases as follows:-

- The subsidiary company had a disagreement of an engagement contract, who sued the subsidiary company to claim for the money placed to secure the purchase and installation of glasses under the purchase contract to acquire materials and instruments for aluminum and glasses work in 32 storey residential condominium Project-Riverside Condominium for the amount of Baht 0.56 million. At the same time, the subsidiary company in turn sued for indemnification from the condition of the merchandises as the result of the operation of the plaintiff for the amount of Baht 0.92 million. At the time being, the South Bangkok Civil Court adjudicated for the subsidiary company to pay Baht 0.50 million together with 7.5% interest per annum calculating from October 29, 1996 until the whole amount has been paid to the plaintiff and the interest prior to the prosecution at not more than Baht 0.07 million. The subsidiary company then would proceed with submission of petition to the Supreme Court on December 2, 2005. The Supreme Court has appointed for the hearing of court's judgement result and the ordering of the Southern Bangkok Civil Court on August 19, 2009.

26. Financial InstrumentsPolicy to manage financial risk

The Company possesses risk regarding to the change of market interest rate and in currency exchange rate and from nonperformance of contractual obligations by counter parties. The Company will consider using derivative instruments, as and when it considers appropriating to manager such risks. However, the Company does not hold any policy to hold or issue any financial instruments for speculation or for trading.

Risk on Interest Rate

Risk on interest rates is derived from the change of the market interest rate in the future, which will affect upon the Company operating results and cash flows, because the Company has deposits and loans from financial institutions however this financial assets and liabilities bear interest rates comparable to market interest rates. The Company believes that no material risk derived from interest rates.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

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Risk on Exchange Rate

Risks on exchange rates mainly involve with sales of goods and imports of raw material because of business transaction are foreign currencies. As at June 30, 2009 and December 31, 2008 the Company possessed material assets and liabilities in foreign currencies as follows:-

		(Unit: Thousand)	
	Foreign Currency	As at June 30, 2009	As at December 31, 2008
Assets	US Dollar	3,382	2,535
	EURO	325	508
	GBP	145	119
Liabilities	US Dollar	16,227	20,478
	EURO	108	105
	GBP	7	-
	JPY	30,742	57,064

As at June 30, 2009 the Company did not have any outstanding of forward contract.

Credit Risk

The Company has risk on credit regarding to trade accounts receivable which the counter party unaffordable or unwillingly follow the agreements. However the Company pursues conservative lending policy and the numbers of debtors are several, the Company does not anticipate any material damage from debt collections.

Fair Value

Since the most of the financial assets and liabilities are short-term and loans bearing interest rates closed to market rates, the Company management believes such book value of the financial assets and liabilities are presented in value not materially different from relevant fair value.

27. Capital management

The primary objectives of the Company’s and its subsidiaries’ capital management are to maintain their abilities to continue as a going concern and to maintain an appropriate capital structure.

As at June 30, 2009 and December 31, 2008, debt to equity ratio in the consolidated financial statements is 2.01 and 1.92, respectively (the separate financial statements: debt to equity ratio is 1.91 and 1.81, respectively).

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**NOTES TO INTERIM FINANCIAL STATEMENTS****JUNE 30, 2009****28. Significant Matter**

At the Board of Directors’ Meeting No.7/2009 on April 29, 2009, the directors has acknowledged the proposal dated April 28, 2009, issued by Lakewood Land Company Limited and/or Ms. Usana Mahagitsiri (“the Tender Offeror”), who are major shareholders of the Company, that they will propose to purchase all shares of the Company by making a Voluntary Tender Offer for 268,066,531 shares , equivalent to 25.17 percent of the total issued shares of the Company, at Baht 1.00 per share. For this Voluntary Tender Offer, the Tender Offeror has further informed to the Company that the Tender Offeror has a plan to delist all shares of the Company from the Stock Exchange of Thailand if after this Voluntary Tender Offer, the Tender Offeror and the major shareholders group holds over 90 percent of the total issued shares of the Company.

The Company will pursue the delisting of the Company shares from the SET under the approval of the Shareholders’ Meeting as resolved by the vote of not less than three quarters of all the Company shares sold which are cast by the attending shareholders or their proxies (if any) who have voting rights, provided that the approval of delisting of the Company shares shall not be objected to by Shareholders’ holding more than 10% of all the Company shares sold.

On June 30, 2009, the Tender Offeror reported the result of the tender offer that the number of securities held by the Tender Offeror after acquisition including number of securities held by related persons and persons in the same group with the Tender Offeror were totaling 903.37 million shares represented 84.82% of shares issued.

29. Approval of Financial Statements

Board of Directors of the Thai Film Industries Public Company Limited has approved these financial statements on August 11, 2009.