

## 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 September 30, 2009 and the related consolidated statements of income for the three-month and nine-month periods ended September 30, 2009 and 2008, the consolidated statements of changes in shareholders' equity and cash flows statements for nine-month periods ended September 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. These 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 as discussed in Note no.25.4 to the financial statements, that on May 8, 2008 the Company was sued by a bank as the third defendant in the Civil Court under the contract pledging the shares of an associated company as collateral for totaling amount approximately to Baht 839.42 million which was consisted of principal amount of Baht 600 million and interest calculated upto the filing date totaling Baht 239.42 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 And on August 18, 2009 the Court has asked for investigation witness of the plaintiff during October 12-15, and 19, 2010 and investigation witness of the Defendant during October 21, 22, and 26-28, 2010. Furthermore, on September 30, 2009, the Company was sued by such bank as the third defendant in the Central Intellectual Property and International Trade Court case number black case file Kor Kor 202/2552 under the pledging the shares of an associated company (the first defendant) as for totaling amount approximately to Baht 902.30 million which was consisted of principal amount of Baht 600 million together with interest calculated upto the filing date (September 30, 2009) amount of Baht 302.30 million. The settlement at court including the investigation witness of the Plaintiff will be held at the court on December 21, 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 Hungsapruet)  
Certified Public Accountant  
Registration No. 3759

Karin Audit Company Limited  
Bangkok  
November 12, 2009

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

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**BALANCE SHEETS**

**AS AT SEPTEMBER 30, 2009 AND DECEMBER 31, 2008**

( Unit : Thousand Baht )

	Notes	Consolidated		Separate	
		As at	As at	As at	As at
		September 30, 2009	December 31, 2008	September 30, 2009	December 31, 2008
		"Unaudited"	"Audited"	"Unaudited"	"Audited"
		"Reviewed"		"Reviewed"	
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		3,550	19,732	2,931	18,104
Trade accounts receivable - net	6	347,740	264,623	347,740	264,623
Inventories - net	7	213,238	212,696	213,238	212,696
Spare parts and supplies		148,909	177,698	148,909	177,698
Finished condominium units - net	8	422,170	443,873	-	-
Advance for Investment - Net	9	-	-	-	-
Account receivable - Revenue Department		14,949	4,933	14,949	4,933
Other current assets	5.1	59,714	77,643	85,106	97,054
<b>TOTAL CURRENT ASSETS</b>		<b>1,210,270</b>	<b>1,201,198</b>	<b>812,873</b>	<b>775,108</b>
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiary and associated companies - net	10	-	-	342,990	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	-	-	220,141	185,141
Advance for purchase assets		68,840	68,161	68,840	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	2,327,438	2,453,852	2,327,412	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		5,644	9,382	4,145	7,906
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,190,231</b>	<b>3,319,704</b>	<b>3,620,662</b>	<b>3,686,127</b>
<b>TOTAL ASSETS</b>		<b>4,400,501</b>	<b>4,520,902</b>	<b>4,433,535</b>	<b>4,461,235</b>

Company notes are an integral part of these interim financial statement.

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**BALANCE SHEETS**

**AS AT SEPTEMBER 30, 2009 AND DECEMBER 31, 2008**

( Unit : Thousand Baht )

	Notes	Consolidated		Separate	
		As at	As at	As at	As at
		September 30, 2009	December 31, 2008	September 30, 2009	December 31, 2008
		"Unaudited"	"Audited"	"Unaudited"	"Audited"
		"Reviewed"		"Reviewed"	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term loans from financial institution	16	1,103,018	1,404,095	1,103,018	1,404,095
Trade accounts payable		661,494	344,196	661,494	344,196
Advance received from related person	5.1	1,450	-	-	-
Current portion of long-term loans	17	292,009	418,830	292,009	418,830
Accrued interest		4,396	4,569	4,396	4,569
Accrued expense		75,087	44,030	72,180	42,353
Estimation liability	18	-	97,528	-	-
Other current liabilities		21,638	33,277	21,590	33,210
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,159,092</b>	<b>2,346,525</b>	<b>2,154,687</b>	<b>2,247,253</b>
<b>NON-CURRENT LIABILITIES</b>					
Loans from related companies and related person	5.1	100,000	-	100,000	-
Long-term loans - net	17	689,525	594,280	689,525	594,280
Other non-current liabilities		38,811	32,832	38,811	32,282
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>828,336</b>	<b>627,112</b>	<b>828,336</b>	<b>626,562</b>
<b>TOTAL LIABILITIES</b>		<b>2,987,428</b>	<b>2,973,637</b>	<b>2,983,023</b>	<b>2,873,815</b>
<b>SHAREHOLDERS' EQUITY</b>					
<b>SHARE CAPITAL</b>					
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	1,044,233	1,139,010	1,044,233	1,139,010
Deficit earning					
Unappropriated		(798,985)	(759,570)	(761,546)	(719,415)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,413,073</b>	<b>1,547,265</b>	<b>1,450,512</b>	<b>1,587,420</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>4,400,501</b>	<b>4,520,902</b>	<b>4,433,535</b>	<b>4,461,235</b>

Companying 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 SEPTEMBER 30, 2009 AND 2008

		( Unit : Thousand Baht )			
		Consolidated		Separate	
Notes		2009	2008	2009	2008
<b>REVENUES</b>					
	Sales	916,461	1,465,988	916,461	1,465,988
	Sales condominium	3,630	-	-	-
	<b>Total sales</b>	920,091	1,465,988	916,461	1,465,988
	Costs of sales	(892,208)	(1,254,672)	(892,208)	(1,254,672)
	Costs of sales condominium	(2,916)	-	-	-
	<b>Gross profit (loss) margin</b>	24,967	211,316	24,253	211,316
	Other income	75,700	21,259	74,827	24,057
	<b>Gain (loss) before expenses</b>	100,667	232,575	99,080	235,373
	Selling expenses	(34,768)	(46,337)	(34,648)	(46,337)
	Administrative expenses	(38,108)	(118,261)	(35,464)	(104,740)
	Management benefit expenses	(18,699)	(18,769)	(18,699)	(18,769)
	<b>Total expenses</b>	(91,575)	(183,367)	(88,811)	(169,846)
	<b>Income (loss) before finance costs</b>	9,092	49,208	10,269	65,527
	Finance costs	(34,040)	(33,866)	(34,038)	(33,866)
	<b>NET INCOME (LOSS)</b>	(24,948)	15,342	(23,769)	31,661
<b>Attributable to :</b>					
	Equity holders of the parent	(24,948)	15,342	(23,769)	31,661
	Minority interests	-	-	-	-
		(24,948)	15,342	(23,769)	31,661
<b>Earnings profit (loss) per Share</b>					
	Basic earnings profit (loss) per share (Baht)	(0.02)	0.01	(0.02)	0.03
	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"

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THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF INCOME

FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2009 AND 2008

( Unit : Thousand Baht )

	Notes	Consolidated		Separate	
		2009	2008	2009	2008
<b>REVENUES</b>					
Sales		2,849,801	4,930,234	2,849,801	4,930,234
Sales condominium		3,630	14,000	-	-
<b>Total sales</b>		<b>2,853,431</b>	<b>4,944,234</b>	<b>2,849,801</b>	<b>4,930,234</b>
Costs of sales		(2,661,718)	(4,128,817)	(2,661,718)	(4,128,817)
Costs of sales condominium		(2,916)	(9,506)	-	-
<b>Gross profit (loss) margin</b>		<b>188,797</b>	<b>805,911</b>	<b>188,083</b>	<b>801,417</b>
Other income	19	127,047	85,229	118,948	93,249
<b>Gain (loss) before expenses</b>		<b>315,844</b>	<b>891,140</b>	<b>307,031</b>	<b>894,666</b>
Selling expenses		(110,045)	(181,428)	(109,924)	(181,428)
Administrative expenses		(79,885)	(153,576)	(73,912)	(136,959)
Management benefit expenses		(57,004)	(55,585)	(57,004)	(55,585)
<b>Total expenses</b>		<b>(246,934)</b>	<b>(390,589)</b>	<b>(240,840)</b>	<b>(373,972)</b>
<b>Income (loss) before finance costs</b>		<b>68,910</b>	<b>500,551</b>	<b>66,191</b>	<b>520,694</b>
Finance costs		(108,325)	(110,157)	(108,322)	(110,147)
<b>NET INCOME (LOSS)</b>		<b>(39,415)</b>	<b>390,394</b>	<b>(42,131)</b>	<b>410,547</b>
<b>Attributable to :</b>					
Equity holders of the parent		(39,415)	390,394	(42,131)	410,547
Minority interests		-	-	-	-
		<b>(39,415)</b>	<b>390,394</b>	<b>(42,131)</b>	<b>410,547</b>
<b>Earnings profit (loss) per Share</b>					
	21				
Basic earnings profit (loss) per share (Baht)		(0.04)	0.37	(0.04)	0.39
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 CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2009 AND 2008

( Unit : Thousand Baht )

Notes	Consolidated								
	Share capital	Premium	Discount	Capital surplus	Capital surplus	Deficit		Minority	Total
	issued and paid-up	on share capital	on share capital	from land revaluation	from machinery revaluation	Appropriated	Unappropriated	interest	
<b>Beginning balance as at January 1, 2009</b>	1,065,000	-	(88,750)	191,575	1,139,010	-	(759,570)	-	1,547,265
Depreciation for capital surplus from machinery revaluation	-	-	-	-	(94,777)	-	-	-	(94,777)
Net loss for the period	-	-	-	-	-	-	(39,415)	-	(39,415)
<b>Ending Balance as at September 30, 2009</b>	<u>1,065,000</u>	<u>-</u>	<u>(88,750)</u>	<u>191,575</u>	<u>1,044,233</u>	<u>-</u>	<u>(798,985)</u>	<u>-</u>	<u>1,413,073</u>
<b>Beginning balance as at January 1, 2008</b>	1,065,000	-	(88,750)	191,575	1,267,989	-	(886,039)	-	1,549,775
Depreciation for capital surplus from machinery revaluation	-	-	-	-	(96,558)	-	-	-	(96,558)
Net Profit for the period	-	-	-	-	-	-	390,394	-	390,394
<b>Ending Balance as at September 30, 2008</b>	<u>1,065,000</u>	<u>-</u>	<u>(88,750)</u>	<u>191,575</u>	<u>1,171,431</u>	<u>-</u>	<u>(495,645)</u>	<u>-</u>	<u>1,843,611</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 NINE MONTH PERIODS ENDED SEPTEMBER 30, 2009 AND 2008

( Unit : Thousand Baht )

Notes	Separate							Total
	Share capital	Premium	Discount	Capital surplus	Capital surplus	Deficit		
	issued and paid-up	on share capital	on share capital	from land revaluation	from machinery revaluation	Appropriated	Unappropriated	
<b>Beginning balance as at January 1, 2009</b>	1,065,000	-	(88,750)	191,575	1,139,010	-	(719,415)	1,587,420
Depreciation for capital surplus from machinery revaluation	-	-	-	-	(94,777)	-	-	(94,777)
Net loss for the period	-	-	-	-	-	-	(42,131)	(42,131)
<b>Ending Balance as at September 30, 2009</b>	<u>1,065,000</u>	<u>-</u>	<u>(88,750)</u>	<u>191,575</u>	<u>1,044,233</u>	<u>-</u>	<u>(761,546)</u>	<u>1,450,512</u>
<b>Beginning balance as at January 1, 2008</b>	1,065,000	-	(88,750)	191,575	1,267,989	-	(866,077)	1,569,737
Depreciation for capital surplus from machinery revaluation	-	-	-	-	(96,558)	-	-	(96,558)
Net profit for the period	-	-	-	-	-	-	410,547	410,547
<b>Ending Balance as at September 30, 2008</b>	<u>1,065,000</u>	<u>-</u>	<u>(88,750)</u>	<u>191,575</u>	<u>1,171,431</u>	<u>-</u>	<u>(455,530)</u>	<u>1,883,726</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 NINE MONTH PERIODS ENDED SEPTEMBER 30, 2009 AND 2008**

	( Unit : Thousand Baht )			
	Consolidated		Separate	
	2009	2008	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net Profit (loss)	(39,415)	390,394	(42,131)	410,547
Adjustments to reconcile net profit(loss) to cash received (used ) operating activities				
Obsolete stock (Decrease) Increase	683	(766)	683	(766)
Depreciation	83,710	81,404	83,469	81,123
Amortization expenses	64,680	70,198	64,680	70,198
Unrealized (gain) loss on exchange rate	(34,533)	18,188	(34,533)	18,188
Loss on impairment of investment in associated company	-	-	-	59,400
Reversal loss on impairment of investment in associated company	-	-	(28,790)	-
Reversal loss on impairment of Finished condominium units	(224)	-	-	-
Reversal retention guarantees	(55)	-	-	-
Estimated compensation for the claim	-	71,541	-	-
Reversal of estimation liability	(43,517)	-	-	-
Revenue from adjust non-movement more than 2 year account	(2,120)	-	(2,120)	-
Interest expenses	96,762	88,608	96,762	88,608
Interest incomes	(3)	(17)	(9,013)	(10,140)
Profit (loss) from operating activities before changes in operating assets and liabilities	125,968	719,550	129,007	717,158
(Increase) Decrease in Trade accounts receivable	(83,930)	224,024	(83,930)	224,024
(Increase) Decrease in Inventories	(602)	(160,783)	(602)	(160,783)
(Increase) Decrease in Finished condominium units	2,916	9,506	-	-
(Increase) Decrease in Spare parts and supplies	28,166	5,196	28,166	5,196
(Increase) Decrease in Accounts receivable - Revenue Department	(10,017)	1,792	(10,017)	1,792
(Increase) Decrease in Accounts receivable - related companies	-	-	-	1,107
(Increase) Decrease in Other current assets	(46,647)	(85,767)	(46,646)	(86,871)
(Increase) Decrease in Other non-current assets	2,810	(297)	2,832	(204)
Increase (Decrease) in Trade accounts payable	321,457	(117,433)	321,457	(117,433)
Increase (Decrease) in Accrued expenses	32,843	(3,025)	31,613	(3,105)
Increase (Decrease) in Other current liabilities	(11,234)	(4,412)	(11,214)	(4,373)
Increase(Decrease) in estimation liability	(35,000)	-	-	-
Increase (Decrease) in Other non - current liabilities	6,035	6,114	6,530	6,114
<b>NET CASH RECEIVED (USED) FROM OPERATING ACTIVITIES</b>	<b>332,765</b>	<b>594,465</b>	<b>367,196</b>	<b>582,622</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash received for interest incomes	3	10	3,031	11,240
(Increase) Decrease in loan to subsidiary company	-	-	(35,000)	-
Advance for purchase assets	(679)	(66,035)	(679)	(66,035)
Purchase Property, plant and equipment	(52,073)	(22,410)	(52,073)	(22,410)
<b>NET CASH RECEIVED (USED) FROM INVESTING ACTIVITIES</b>	<b>(52,749)</b>	<b>(88,435)</b>	<b>(84,721)</b>	<b>(77,205)</b>

**"UNAUDITED"**  
**"REVIEWED"**

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

	( Unit : Thousand Baht )			
	Consolidated		Separate	
	2009	2008	2009	2008
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase (Decrease) in Bank overdrafts and short-term loans from financial Institutions	(269,136)	(204,416)	(269,136)	(204,416)
Advanced received from related person	1,450	-	-	-
Repayment of long - term loans	(31,577)	(216,340)	(31,577)	(216,340)
Received loans from subsidiary, related company, and director	100,000	100,000	100,000	100,000
Repayment loans from subsidiary, related company, and director	-	(100,000)	-	(100,000)
Cash paid for interest expenses	(96,935)	(89,993)	(96,935)	(89,993)
<b>NET CASH RECEIVED (USED) FROM FINANCING ACTIVITIES</b>	<b>(296,198)</b>	<b>(510,749)</b>	<b>(297,648)</b>	<b>(510,749)</b>
CASH AND CASH EQUIVALENTS INCREASE(DECREASE) - NET	(16,182)	(4,719)	(15,173)	(5,332)
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	<u>3,550</u>	<u>7,184</u>	<u>2,931</u>	<u>4,231</u>

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**SEPTEMBER 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 nine-month periods ended September 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 months	56.07	64.69	55.96	64.59
Employee expenses – nine months	189.62	207.29	189.31	206.98

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**  
**SEPTEMBER 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 January 1, 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**  
**SEPTEMBER 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  
SEPTEMBER 30, 2009**

**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>September 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 nine-month periods ended September 30, 2008 have been reclassified to conform to the current year’s classifications, with no effect on previously reported net income or shareholders' equity.

“UNAUDITED”

“REVIEWED”

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

**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>Consolidated</u>		<u>Separate</u>	
		<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>
		<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>	<u>December 31,</u>
<u>Type of Transaction/Company’s Name</u>	<u>Relationship</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>		-	-	35,000	-
<u>Less Received repayment during the period</u>		-	-	-	-
Ending		-	-	220,141	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		-	-	220,141	185,141
- Other Receivable					
Quality Coffee Product Co., Ltd.	The some shareholders and directors				
		202	202	202	202
Total		202	202	202	202

“UNAUDITED”

“REVIEWED”

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

(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>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>	<u>December 31,</u>
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
- Advance received from related person					
Mrs. Suvimol Mahakitsiri	Vice chairman				
Beginning		-	-	-	-
<u>Add</u> Advance during the period		1,450	-	-	-
<u>Less</u> Payment during the period		-	-	-	-
Ending		1,450	-	-	-
- Loans from related company and related person					
Consist of :-					
Lakewood Land Co., Ltd.	Related company				
Beginning		-	-	-	-
<u>Add</u> Loans during the period		-	250,000	-	250,000
<u>Less</u> Payment during the period		-	(250,000)	-	(250,000)
Ending		-	-	-	-
Mr. Prayut Mahakitsiri	Chairman				
Beginning		-	-	-	-
<u>Add</u> Loans during the period		100,000	-	100,000	-
<u>Less</u> Payment during the period		-	-	-	-
Ending		100,000	-	100,000	-
- Accrued Interest Revenue					
Riverside Tower Co., Ltd.	Subsidiary company				
Total		-	-	25,393	19,411
- Accrued Interest Expense					
Mr. Prayut Mahakitsiri	Chairman				
Total		579	-	579	-

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

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.

During the year 2009 the Company loaned to the subsidiary company as promissory notes which payment term was due at call on demand with the interest rates at 5.875% per annum.

During the year 2009 loan from related person represented promissory note due at call on demand with interest rate at 5.878% per annum.

During the year 2009 the subsidiary company received advance from related person with no specific repayment term and no interest charge.

5.2 Inter-Revenue and Expense

		(Unit : Thousand Baht)			
		<u>Consolidated</u>		<u>Separate</u>	
		<u>For the three-month periods ended September 30,</u>			
<u>Type of Transaction/Company's Name</u>	<u>Relationship</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	606	606	606	606
- Income from Rental of condominium units					
Lakewood Land Co., Ltd.	Related company	141	141	-	-
Mr. Prayut Mahakitsiri	Chairman	561	561	-	-
- Common Area Expense					
PM Riverside Juristic Person	Mutual directors	758	796	-	-
- Interest income					
Riverside Tower Co., Ltd.	Subsidiary company	-	-	3,055	3,500
- Interest expense					
Lakewood Land Co., Ltd.	Related company	-	356	-	356
Mr. Prayut Mahakitsiri	Chairman	579	-	579	-

“UNAUDITED”

“REVIEWED”

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

(Unit : Thousand Baht)

<u>Type of Transaction/Company's Name</u>	<u>Relationship</u>	<u>Consolidated</u>		<u>Separate</u>	
		<u>For the nine-month periods ended September 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	1,816	1,816	1,816	1,816
- Income from Rental of condominium units					
Lakewood Land Co., Ltd.	Related company	421	421	-	-
Mr. Prayut Mahakitsiri	Chairman	1,682	1,682	-	-
- Common Area Expense					
PM Riverside Juristic Person	Mutual directors	2,297	2,283	-	-
- Interest income					
Riverside Tower Co., Ltd.	Subsidiary company	-	-	9,012	10,125
- Interest expense					
Lakewood Land Co., Ltd.	Related company	-	1,353	-	1,353
Mr. Prayut Mahakitsiri	Chairman	579	-	579	-

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 as July 30, 2009, the Company has extend the lease agreements that the lessee has to pay monthly rental fee at Baht 201,740 per month.(The rental fee is higher than the appraised fee by independent Appraisal). 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).

“UNAUDITED”

“REVIEWED”

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

**6. Trade Accounts Receivable - Net**

Consist of :-

	(Unit : Thousand Baht)	
	Consolidated / Separate	
	As at September 30, 2009	As at December 31, 2008
<u>Domestic Trade Accounts Receivable</u>		
Trade Accounts Receivable within Credit Term	154,381	90,034
Aging of Trade Accounts Receivable :-		
- Less than 3 Months	59,236	25,872
- Over 3 Months to 6 Months	-	-
- Over 6 Months to 9 Months	-	-
- Over 9 Months	955	992
Total	214,572	116,898
<u>Foreign Trade Accounts Receivable</u>		
Trade Accounts Receivable within Credit Term	84,071	97,612
Aging of Trade Accounts Receivable :-		
- Less than 3 Months	9,590	21,847
- Over 3 Months to 6 Months	-	6
- Over 6 Months to 9 Months	-	-
- Over 9 Months	4,612	4,803
Total	98,273	124,268
Notes Receivable	34,895	23,457
Net	347,740	264,623

“UNAUDITED”

“REVIEWED”

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

**7. Inventories - Net**

Consist of:-

	(Unit : Thousand Baht)	
	Consolidated / Separate	
	As at September 30, 2009	As at December 31, 2008
Finished goods	51,667	61,196
Work in process	15,079	9,352
Raw materials	91,789	118,972
Packaging	17,334	14,328
Raw materials in transit	37,429	8,848
Total	213,298	212,696
<u>Less</u> Allowance for obsolete stock	(60)	-
Total	213,238	212,696

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

	(Unit : Thousand Baht)	
	Consolidated/Separate	
	As at September 30, 2009	As at December 31, 2008
Beginning balance	-	766
Increase	60	-
Decrease	-	(766)
Ending balance	60	-

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

“UNAUDITED”

“REVIEWED”

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

**8. Finished Condominium Units – Net**

Consist of:-

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	As at September 30, 2009	As at December 31, 2008	As at September 30, 2009	As at December 31, 2008
Finished Condominium Units	440,842	462,770	-	-
<u>Less</u> Allowance loss for Impairment	(18,672)	(18,897)	-	-
Net	<u>422,170</u>	<u>443,873</u>	<u>-</u>	<u>-</u>

As at September 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 September 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	
	<u>As at September 30, 2009</u>	<u>As at December 31, 2008</u>
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.

“UNAUDITED”

“REVIEWED”

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

**10. Investments in Subsidiary and Associated Companies - Net**

Consist of:

Company	Country of business	Type of business	Paid up Capital (Million Baht)		Percentage of Investment		consolidated		Separate	
			September 30, 2009	December 31, 2008	September 30, 2009	December 31, 2008	September 30, 2009	December 31, 2008	September 30, 2009	December 31, 2008
(Unit : Thousand Baht)										
							Equity Method		Cost Method	
			September 30, 2009	December 31, 2008	September 30, 2009	December 31, 2008	September 30, 2009	December 31, 2008	September 30, 2009	December 31, 2008
<b>Subsidiary Company</b>										
Riverside Tower Co.,Ltd.	Thailand	Real Estate	1,300	1,300	99.99	99.99	-	-	1,300,000	1,300,000
<b>Associated Companies</b>										
Thai Copper Industries Plc.	Thailand	Pure Copper	8,010	8,010	18.96	18.96	-	-	1,518,981	1,518,981
TFM Packaging Film Co., Ltd.	Thailand	Packaging Film	324.90	324.90	49.20	49.20	-	-	-	-
Total							-	-	2,818,981	2,818,981
Less Allowance for Impairment in investment							-	-	(2,475,991)	(2,504,781)
Net							-	-	342,990	314,200

In year 2009, the Company reversed allowance for impairment of investment in subsidiary company in Riverside Tower Co., Ltd. of Baht 28.79 million in the Company only statements of income for the nine-month period ended September 30, 2009, by based on the fair value of net assets as at September 30, 2009, of such subsidiary company.

In 2007, the Company recorded the allowance for impairment of investment in associated company in Thai Copper Industries Public Company Limited – TCI of Baht 1,518.98 million in the Company only statements of income because such associated company has lack in working capital and TCI stopped its operation and lay-off its employees. The allowance for impairment in investment TCI by based on the appraisal report of independent value dated on September 28, 2007.

Since August 7, 2006, the Company has invested in Thai Copper Industries Public Company Limited (TCI) at 19.98% of the share capital. The Company has 3 directors in the board of directors of TCI totaling 13 directors, TCI is in operation under the debt restructuring agreements and was performed cash monitoring by external auditor, no material transactions between the Company and TCI, on February 15, 2007, the Company submitted the bank creditor of TCI the letter to request for release of pledge of shares of TCI which the Company held as specified in the loan agreements, and on November 19, 2006, the Company did not invest in the increase in share capital of TCI, accordingly, the portion of the Company in TCI has reduced to be 18.96% of the share capital. On June 29, 2007, TCI changed in the board of directors and a director of Company, acts as financial controller of the Company, is a new director of TCI and the Company has 3 directors in the board of directors of TCI totaling 8 directors (6 directors at the present). Accordingly, the auditor of the Company considered that the Company has still significant influence.

“UNAUDITED”

“REVIEWED”

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

The significant financial data of TCI are as follows :

	(Unit : Million Baht)	
	As at September 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 nine-month periods ended September 30,		
Total revenues	N/A	24,374
Net loss	N/A	(3,531)

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.

“UNAUDITED”

“REVIEWED”

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

**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>September 30,</u>	<u>December 31,</u>	<u>September 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 September 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.

“UNAUDITED”

“REVIEWED”

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

**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	
<b>Cost</b>								
As at December 31, 2008	441,455	3,889,851	263,425	65,549	62,057	1,164	4,576	4,728,077
Purchase	-	42,833	1,150	1,175	-	-	6,915	52,073
Transfer from work in process	11,395	-	-	-	-	-	(11,395)	-
Amortized	-	-	-	(80)	-	-	-	(80)
As at September 30, 2009	452,850	3,932,684	264,575	66,644	62,057	1,164	96	4,780,070
<b>Capital Surplus from Revaluation</b>								
As at December 31, 2008	-	2,314,193	-	-	-	-	-	2,314,193
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at September 30, 2009	-	2,314,193	-	-	-	-	-	2,314,193
<b>Accumulated Depreciation</b>								
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	(5,777)	(70,160)	(3,470)	(1,929)	(2,225)	(149)	-	(83,710)
Amortized	-	-	-	80	-	-	-	80
As at September 30, 2009	(280,257)	(2,842,520)	(253,398)	(61,146)	(58,380)	(1,164)	-	(3,496,865)

“UNAUDITED”

“REVIEWED”

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

(Unit : Thousand Baht)

	Consolidated							Total
	Buildings and improvements	Machineries	Equipment and tools	Furnitures, fixtures and office equipments	Vehicles	Other	Machinery and Equipment Under installation	
<b>Accumulated Depreciation from Capital Surplus from Revaluation</b>								
As at December 31, 2008	-	(1,175,183)	-	-	-	-	-	(1,175,183)
Depreciation for the period	-	(94,777)	-	-	-	-	-	(94,777)
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at September 30, 2009	-	(1,269,960)	-	-	-	-	-	(1,269,960)
<b>Net Book Value</b>								
As at December 31, 2008	166,975	2,256,501	13,497	6,252	5,902	149	4,576	2,453,852
As at September 30, 2009	172,593	2,134,397	11,177	5,498	3,677	-	96	2,327,438
<b>Depreciation for the nine-month periods ended</b>								
September 30, 2008	5,681	67,850	3,410	2,018	2,291	154	-	81,404
September 30, 2009	5,777	70,160	3,470	1,929	2,225	149	-	83,710

“UNAUDITED”

“REVIEWED”

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

(Unit : Thousand Baht)

	Consolidated							Total
	Buildings and improvements	Machineries	Equipment and tools	Furnitures, fixtures and office equipments	Vehicles	Other	Machinery and Equipment Under installation	
<b>Cost</b>								
As at December 31, 2007	441,455	3,880,364	257,623	63,608	57,304	1,164	764	4,702,282
Purchase	-	6,938	5,128	1,143	4,753	-	4,448	22,410
Transfer from work in process	-	-	66	570	-	-	(636)	-
Amortized	-	-	-	-	-	-	-	-
As at September 30, 2008	441,455	3,887,302	262,817	65,321	62,057	1,164	4,576	4,724,692
<b>Capital Surplus from Revaluation</b>								
As at December 31, 2007	-	2,314,193	-	-	-	-	-	2,314,193
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at September 30, 2008	-	2,314,193	-	-	-	-	-	2,314,193
<b>Accumulated Depreciation</b>								
As at December 31, 2007	(266,892)	(2,681,527)	(245,301)	(56,627)	(53,060)	(809)	-	(3,304,216)
Depreciation for the period	(5,681)	(67,850)	(3,410)	(2,018)	(2,291)	(154)	-	(81,404)
Amortized	-	-	-	-	-	-	-	-
As at September 30, 2008	(272,573)	(2,749,377)	(248,711)	(58,645)	(55,351)	(963)	-	(3,385,620)

“UNAUDITED”

“REVIEWED”

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

(Unit : Thousand Baht)

	Consolidated							Total
	Buildings and improvements	Machineries	Equipment and tools	Furnitures, fixtures and office equipments	Vehicles	Other	Machinery and Equipment Under installation	
<b>Accumulated Depreciation from Capital Surplus from Revaluation</b>								
As at December 31, 2007	-	(1,046,204)	-	-	-	-	-	(1,046,204)
Depreciation for the period	-	(96,558)	-	-	-	-	-	(96,558)
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at September 30, 2008	-	(1,142,762)	-	-	-	-	-	(1,142,762)
<b>Net Book Value</b>								
As at December 31, 2007	174,563	2,466,826	12,322	6,981	4,244	355	764	2,666,055
As at September 30, 2008	168,882	2,309,356	14,106	6,676	6,706	201	4,576	2,510,503
<b>Depreciation for the nine-month periods ended</b>								
September 30, 2007	5,660	64,037	3,313	2,107	1,923	156	-	77,196
September 30, 2008	5,681	67,850	3,410	2,018	2,291	154	-	81,404

“UNAUDITED”

“REVIEWED”

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

(Unit : Thousand Baht)

	Separate							
	Buildings and improvements	Machineries	Equipment and tools	Furnitures, fixtures and office equipments	Vehicles	Other	Machinery and Equipment Under installation	Total
<b>Cost</b>								
As at December 31, 2008	441,455	3,889,851	263,292	63,995	62,057	-	4,576	4,725,226
Purchase	-	42,833	1,150	1,175	-	-	6,915	52,073
Transfer from work in process	11,395	-	-	-	-	-	(11,395)	-
Amortized	-	-	-	(80)	-	-	-	(80)
As at September 30, 2009	452,850	3,932,684	264,442	65,090	62,057	-	96	4,777,219
<b>Capital Surplus from Revaluation</b>								
As at December 31, 2008	-	2,314,193	-	-	-	-	-	2,314,193
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at September 30, 2009	-	2,314,193	-	-	-	-	-	2,314,193
<b>Accumulated Depreciation</b>								
As at December 31, 2008	(274,480)	(2,772,360)	(249,815)	(57,841)	(56,155)	-	-	(3,410,651)
Depreciation for the period	(5,777)	(70,160)	(3,453)	(1,854)	(2,225)	-	-	(83,469)
Amortized	-	-	-	80	-	-	-	80
As at September 30, 2009	(280,257)	(2,842,520)	(253,268)	(59,615)	(58,380)	-	-	(3,494,040)

“UNAUDITED”

“REVIEWED”

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

(Unit : Thousand Baht)

	Separate							Total
	Buildings and improvements	Machineries	Equipment and tools	Furnitures, fixtures and office equipments	Vehicles	Other	Machinery and Equipment Under installation	
<b>Accumulated Depreciation from Capital Surplus from Revaluation</b>								
As at December 31, 2008	-	(1,175,183)	-	-	-	-	-	(1,175,183)
Depreciation for the period	-	(94,777)	-	-	-	-	-	(94,777)
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at September 30, 2009	-	(1,269,960)	-	-	-	-	-	(1,269,960)
<b>Net Book Value</b>								
As at December 31, 2008	166,975	2,256,501	13,477	6,154	5,902	-	4,576	2,453,585
As at September 30, 2009	172,593	2,134,397	11,174	5,475	3,677	-	96	2,327,412
<b>Depreciation for the nine-month periods ended</b>								
September 30, 2008	5,681	67,850	3,393	1,908	2,291	-	-	81,123
September 30, 2009	5,777	70,160	3,453	1,854	2,225	-	-	83,469

“UNAUDITED”

“REVIEWED”

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

(Unit : Thousand Baht)

	Separate							Total
	Buildings and improvements	Machineries	Equipment and tools	Furnitures, fixtures and office equipments	Vehicles	Other	Machinery and Equipment Under installation	
<b>Cost</b>								
As at December 31, 2007	441,455	3,880,364	257,490	62,054	57,304	-	764	4,699,431
Purchase	-	6,938	5,128	1,143	4,753	-	4,448	22,410
Transfer from work in process	-	-	66	570	-	-	(636)	-
Amortized	-	-	-	-	-	-	-	-
As at September 30, 2008	441,455	3,887,302	262,684	63,767	62,057	-	4,576	4,721,841
<b>Capital Surplus from Revaluation</b>								
As at December 31, 2007	-	2,314,193	-	-	-	-	-	2,314,193
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at September 30, 2008	-	2,314,193	-	-	-	-	-	2,314,193
<b>Accumulated Depreciation</b>								
As at December 31, 2007	(266,892)	(2,681,527)	(245,210)	(55,311)	(53,060)	-	-	(3,302,000)
Depreciation for the period	(5,681)	(67,850)	(3,393)	(1,908)	(2,291)	-	-	(81,123)
Amortized	-	-	-	-	-	-	-	-
As at September 30, 2008	(272,573)	(2,749,377)	(248,603)	(57,219)	(55,351)	-	-	(3,383,123)

“UNAUDITED”

“REVIEWED”

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

(Unit : Thousand Baht)

	Separate							Total
	Buildings and improvements	Machineries	Equipment and tools	Furnitures, fixtures and office equipments	Vehicles	Other	Machinery and Equipment Under installation	
<b>Accumulated Depreciation from Capital Surplus from Revaluation</b>								
As at December 31, 2007	-	(1,046,204)	-	-	-	-	-	(1,046,204)
Depreciation for the period	-	(96,558)	-	-	-	-	-	(96,558)
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at September 30, 2008	-	(1,142,762)	-	-	-	-	-	(1,142,762)
<b>Net Book Value</b>								
As at December 31, 2007	174,563	2,466,826	12,280	6,743	4,244	-	764	2,665,420
As at September 30, 2008	168,882	2,309,356	14,081	6,548	6,706	-	4,576	2,510,149
<b>Depreciation for the nine-month periods ended</b>								
September 30, 2007	5,660	64,037	3,296	1,973	1,923	-	-	76,889
September 30, 2008	5,681	67,850	3,393	1,908	2,291	-	-	81,123

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

In consolidated financial statements, depreciation for the nine-month periods ended September 30, 2009 and 2008 amounted to Baht 78.91 million and Baht 76.20 million, respectively, are included in cost of sales, and Baht 4.80 million and Baht 5.20 million, respectively, are included in selling and administrative expenses.

In The Separate Financial Statement, depreciation for the nine-month periods ended September 30, 2009 and 2008 amounted to Baht 78.91 million and Baht 76.20 million, respectively, are included in cost of sales, and Baht 4.56 million and Baht 4.92 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 September 30, 2009 and December 31, 2008, the Company has machineries and equipments that fully depreciated but still in use at Baht 798.58 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 September 30, 2009 and December 31, 2008, the Company had already provided for the allowance for impairment of such machinery at the full amount.

“UNAUDITED”

“REVIEWED”

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

**15. Cost of property to be developed - Net**

Consist of :

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	As at September 30, 2009	As at December 31, 2008	As at September 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	131,175	131,175	-	-

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 September 30, 2009	As at December 31, 2008
Bank overdrafts	100,695	102,570
Packing credits	69,801	76,883
Liabilities under trust receipts	314,057	570,191
Promissory notes	488,898	559,729
Short – term loans	129,567	94,722
Total	1,103,018	1,404,095

“UNAUDITED”

“REVIEWED”

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

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

(Unit : Million)

<u>Currency</u>	<u>As at September 30,</u> <u>2009</u>	<u>Consolidated / Separate</u>		<u>Bank charge and</u> <u>Interest rate</u> <u>Per annum</u>
		<u>Bank charge and</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	1.00-8.50
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 September 30, 2009 and December 31, 2008 the Company had unutilized credit facility balances by approximately Baht 435.83 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.

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

**17. Long-Term Loans**

Consist of:

	(Unit : Thousand Baht)		
	Consolidated / Separate		
	As at September 30, 2009	As at December 31, 2008	
<p>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.</p> <p>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.</p>	MLR-1%	4,777	7,639
<p>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.</p> <p>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.</p>	MLR-1%	88,992	117,706

“UNAUDITED”

“REVIEWED”

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

(Unit : Thousand Baht)

	Interest rate	Consolidated / Separate	
		As at September 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	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 <sup>st</sup> -2 <sup>nd</sup> year at the rate of MLR-1 per annum and the 3 <sup>rd</sup> 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	79,336
Total		981,534	1,013,110
<u>Less</u> Current Portion of Long - Term Loans		(292,009)	(418,830)
Net		689,525	594,280

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

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 2,605.22 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 September 30, 2009 and December 31, 2008 follows:

		(Unit : Thousand Baht)	
		September 30, 2009	December 31, 2008
18.1	As per a verdict passed by the Civil Court on September 26, 2008	-	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	-	-
<b>Total</b>		-	<b>97,528</b>

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 December 31, 2008 at amount of Baht 78.52 million, for breaching of contract for not transferring a condominium unit (interest that calculated until December 31, 2008 is amount of Baht 16.11 million). 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 Court has postponed the hearing of the Appeal Court and the Civil Court of Southern Bangkok to be November 27, 2009. The subsidiary company and the Plaintiff have agreed to make a negotiation, therefore the subsidiary company has settled the case with the Plaintiff by compensating at amount of Baht 35 million. The Plaintiff agreed to withdraw the case and filed the negotiation agreement with the subsidiary company at the Appeal Court on September 4, 2009. The subsidiary company therefore reversed the estimation liability at amount of Baht 43.52 million in the statements of income.

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

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 has passed a verdict as agreed with the Appeal Court ordering the subsidiary company to compensate for breaching of contract by transferring common assets to the individual person totaling amount of Baht 1.45 million, As the subsidiary company could not transfer certain common asset to the Plaintiff, the subsidiary company paid compensation fee to the Civil Court of Southern Bangkok at amount of Baht 1.45 million on September 30, 2009. The Company has already recorded compensation expense into account.

**19. Other income**

For the three-month periods ended September 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	7,422	-	7,422	-
Income from sales scrap	16,754	16,959	16,754	16,959
Reversal loss on impairment of investment in subsidiary company	-	-	42,890	-
Reversal of estimation liability	45,838	-	-	-
Reversal loss on impairment of finished condominium units	224	-	-	-
Other income	5,462	4,300	7,761	7,098
<b>Total</b>	<b>75,700</b>	<b>21,259</b>	<b>74,827</b>	<b>24,057</b>

“UNAUDITED”

“REVIEWED”

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

For the nine-month periods ended September 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	22,854	8,459	22,854	8,459
Income from sales scrap	47,790	61,740	47,790	61,740
Reversal loss on impairment of investment in subsidiary company	-	-	28,790	-
Reversal of estimation liability	43,517	-	-	-
Reversal loss on impairment of finished condominium units	224	-	-	-
Other income	12,662	15,030	19,514	23,050
<b>Total</b>	<b>127,047</b>	<b>85,229</b>	<b>118,948</b>	<b>93,249</b>

**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 (Loss) per Share**

Basic (Loss) earnings per Share

The calculation of basic earnings (loss) per share of the consolidated and separate financial statements for the three-month and nine-month periods ended September 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 September 30,	(25)	15	(24)	32
For the nine-month periods ended September 30,	(39)	390	(42)	411

“UNAUDITED”

“REVIEWED”

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

Weighted average number of ordinary shares (Basic)

	(Unit : Million shares)			
	Consolidated / Separate			
	For the three-month periods ended		For the nine-month periods ended	
	September 30,		September 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)	1,065	1,065	1,065	1,065

**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.

“UNAUDITED”

“REVIEWED”

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

Results of the Company’s operations for nine-month periods ended September 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	-	1,813	1,813
- Local Sales	-	1,037	1,037
- Other Income	-	119	119
Total	-	2,969	2,969
Costs and Expenses	-	(3,011)	(3,011)
Net Loss	-	(42)	(42)

	(Unit : Million Baht)		
	2008		
	Promoted Business	Non-promoted Business	Total
Revenues			
- Export Sales	-	3,640	3,640
- Local Sales	-	1,290	1,290
- Other Income	-	94	94
Total	-	5,024	5,024
Costs and Expenses	-	(4,613)	(4,613)
Net Profit	-	411	411

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.

**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.

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“REVIEWED”

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

For the nine-month periods ended September 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	1,037	1,290	4	14	1,041	1,304
Revenue From Sales - Foreign	1,813	3,640	-	-	1,813	3,640
Total	2,850	4,930	4	14	2,854	4,944
Gross Profit	188	801	1	5	189	806
Profit (loss) before share of loss from investment recorded using the equity method	(71)	470	32	(80)	(39)	390
Share of loss from investment recorded using the equity method	-	-	-	-	-	-
Gain on sale investment in Associated Company	-	-	-	-	-	-
Net Profit (loss)	(71)	470	32	(80)	(39)	390

“UNAUDITED”

“REVIEWED”

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

For the nine-month periods ended September 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	892	51	79	15	1,037
Revenue from sales - Foreign					
Asia	1,174	49	7	44	1,274
Europe	207	1	-	3	211
American	146	3	-	-	149
Other	165	1	7	6	179
<b>Total</b>	<b>2,584</b>	<b>105</b>	<b>93</b>	<b>68</b>	<b>2,850</b>
<u>Year 2008</u>					
Revenue from sales -Local	1,130	70	77	13	1,290
Revenue from sales -Foreign					
Asia	2,311	69	9	78	2,467
Europe	383	24	-	4	411
American	367	-	-	-	367
Other	379	-	3	13	395
<b>Total</b>	<b>4,570</b>	<b>163</b>	<b>89</b>	<b>108</b>	<b>4,930</b>

“UNAUDITED”

“REVIEWED”

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

**24. Expenses by nature**

For the three-month periods ended September 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	56,067	64,693	55,963	64,593
Depreciation	28,421	27,464	28,344	27,370
Amortization	21,248	25,139	21,248	25,139
Shut down expenses	24,582	34,358	24,582	34,358
Raw materials and consumables used	722,132	1,215,285	722,132	1,215,285
Changes in inventories of finished goods and work in process	4,588	(49,847)	4,588	(49,847)
Loss on impairment of investment in subsidiary company	-	-	-	59,400
Electricity expense was re-assessed (1)	21,674	-	21,674	-
Compensation for the claim in subsidiary company (2)	1,305	71,541	-	-
Loss on exchange rate	-	8,930	-	8,930

For the nine-month periods ended September 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	189,616	207,289	189,310	206,984
Depreciation	83,710	81,404	83,469	81,123
Amortization	64,680	70,198	64,680	70,198
Shut down expenses	44,427	42,825	44,427	42,825
Raw materials and consumables used	2,150,222	3,677,852	2,150,222	3,677,852
Changes in inventories of finished goods and work in process	3,863	(49,730)	3,863	(49,730)
Loss on impairment of investment in subsidiary company	-	-	-	59,400
Electricity expense was re-assessed (1)	21,674	-	21,674	-
Compensation for the claim in subsidiary company (2)	1,755	71,541	-	-

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

(1) The Company 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. On September 16, 2009, the Supreme Court passed a verdict ordering the Company to compensate principal amount together with interest to the Plaintiff. Therefore, the Company recorded such expenses totaling approximately Bath 21.67 million in the statement of income in this quarter.

(2) Compensation for the claim in subsidiary company

For the three-month and nine-month periods ended September 30, 2009 and 2008 as follows:-

(Unit: Million Baht)

	For three-month		For nine-month	
	2009	2008	2009	2008
1 As per a verdict passed by the Civil Court on September 26, 2008 (Note 18.1)	-	71.54	-	71.54
2 As per a verdict passed by the Civil Court on June 18, 2009 (Note 18.3)	1.00	-	1.45	-
3 As per a verdict regarding to the purchase contract to acquire materials and instruments for aluminium and glasses	0.31	-	0.31	-
<b>รวม</b>	<b>1.31</b>	<b>71.54</b>	<b>1.76</b>	<b>71.54</b>

**25. Commitments and Contingent Liabilities**

As at September 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, Tobacco Monopoly, Metropolitan Electricity Authority and the Provincial Electricity Authority amounting to approximately Baht 14.62 million.

25.2 Had unused letters of credit, liabilities under trust receipts and Promissory notes in amount of approximately Baht 178.41 million.

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

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 22.55 million.

25.4 on May 8, 2008 the Company was sued by a bank as the third defendant in the Civil Court under the contract pledging the shares of an associated company as collateral for totaling amount approximately to Baht 839.42 million which was consisted of principal amount of Baht 600 million and interest calculated upto the filing date totaling Baht 239.42 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 And on August 18, 2009 the Court has asked for investigation witness of the plaintiff during October 12-15, and 19, 2010 and investigation witness of the Defendant during October 21, 22, and 26-28, 2010. Furthermore, on September 30, 2009, the Company was sued by such bank as the third defendant in the Central Intellectual Property and International Trade Court case number black case file Kor Kor 202/2552 under the pledging the shares of an associated company (the first defendant) as for totaling amount approximately to Baht 902.30 million which was consisted of principal amount of Baht 600 million together with interest calculated upto the filing date (September 30, 2009) amount of Baht 302.30 million. The settlement at court including the investigation witness of the Plaintiff will be held at the court on December 21, 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

- RIVERSIDE TOWER COMPANY LIMITED

25.5 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.

**26. Financial Instruments**Policy 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.

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

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.

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 September 30, 2009 and December 31, 2008 the Company possessed material assets and liabilities in foreign currencies as follows:-

		(Unit: Thousand)		
		Foreign Currency	As at September 30, 2009	As at December 31, 2008
Assets	US Dollar		1,898	2,535
	EURO		552	508
	GBP		77	119
Liabilities	US Dollar		14,567	20,478
	EURO		132	105
	GBP		1	-
	JPY		112,480	57,064

As at September 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 September 30, 2009 and December 31, 2008, debt to equity ratio in the consolidated financial statements is 2.11 and 1.92, respectively (the separate financial statements: debt to equity ratio is 2.06 and 1.81, respectively).

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY****NOTES TO INTERIM FINANCIAL STATEMENTS****SEPTEMBER 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 November 12, 2009.