

AUDIT REPORT OF CERTIFIED PUBLIC ACCOUNTANT

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

I have audited the accompanying consolidated balance sheets of Thai Film Industries Public Company Limited and its subsidiaries as at December 31, 2009 and 2008 and the related consolidated statements of income, the consolidated statements of changes in shareholders' equity and the consolidated cash flows statements for the years then ended, and the separate financial statements of Thai Film Industries Public Company Limited for the same years. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to expressed an opinion on these financial statements based on my audits.

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

In my opinion, the accompanying consolidated and Company financial statements referred to above present fairly, in all material respects, the consolidated and Company financial position as at December 31, 2009 and 2008, the consolidated and Company operating results and cash flows for the years then ended of Thai Film Industries Public Company Limited and its subsidiary company and the separate financial statements of Thai Film Industries Public Company Limited in conformity with generally accepted accounting principles.

Without qualifying my opinion, I draw attention to the matters discussed as discussed in Note no.27.4 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 Company requested to extend the filing of testimony from February 1, 2010 to be March 2, 2010. And the settlement at court including the investigation filing case will be held at the court on March 8, 2010. The Company's lawyer opined that the Company do not have any liability with such bank as the third defendant as the contract pledging the shares of an associated company was already expired. 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 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.

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

Karin Audit Company Limited
Bangkok
February 24, 2010

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
AND AUDITOR'S REPORT

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

AS AT DECEMBER 31, 2009 AND 2008

(Unit : Baht)

	Notes	Consolidated		Separate	
		2009	2008	2009	2008
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		6,686,620	19,731,653	3,569,716	18,103,886
Trade accounts receivable - net	7	316,810,607	264,622,741	316,810,607	264,622,741
Inventories - net	8	171,661,501	212,696,555	171,661,501	212,696,555
Spare parts and supplies - net of allowance for slow moving items of Baht 1.24 million in 2009		151,810,505	177,697,975	151,810,505	177,697,975
Finished condominium units - net	9	415,889,202	443,873,177	-	-
Advance for Investment - Net	10	-	-	-	-
Other current assets	6.1	68,414,554	82,575,498	94,151,853	101,986,286
TOTAL CURRENT ASSETS		1,131,272,989	1,201,197,599	738,004,182	775,107,443
NON-CURRENT ASSETS					
Investments in subsidiary and associated companies - net	11	-	-	341,459,930	314,199,930
Other long-term investments					
Related companies - net	12	44,250,000	44,250,000	44,250,000	44,250,000
Other company		2,000,000	2,000,000	2,000,000	2,000,000
Loans receivable, advance payments - subsidiary, associated and related companies - net	6.1		-	220,140,679	185,140,679
Advance for purchase assets		73,770,550	68,161,132	73,770,550	68,161,132
Land used in operation - at appraised value	13	500,002,000	500,002,000	500,002,000	500,002,000
Plant and equipment used in operation - net	14	2,267,083,845	2,453,851,669	2,267,072,296	2,453,584,509
Land, plant and equipment not used in operation - net	15	110,882,194	110,882,194	110,882,194	110,882,194
Cost of property to be developed - net	16	131,175,000	131,175,000	-	-
Other non-current assets		5,781,967	9,382,845	4,200,430	7,906,864
TOTAL NON-CURRENT ASSETS		3,134,945,556	3,319,704,840	3,563,778,079	3,686,127,308
TOTAL ASSETS		4,266,218,545	4,520,902,439	4,301,782,261	4,461,234,751

Company notes are an integral part of these financial statement.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

AS AT DECEMBER 31, 2009 AND 2008

		(Unit : Baht)			
		Consolidated		Separate	
Notes		2009	2008	2009	2008
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term loans from financial institutions	17	899,277,825	1,404,094,610	899,277,825	1,404,094,610
Trade accounts payable		565,819,975	344,196,280	565,819,975	344,196,280
Advance received from related person	6.1	-	-	-	-
Current portion of long-term loans	18	78,100,372	418,829,757	78,100,372	418,829,757
Other current liabilities	19	112,356,795	179,404,422	110,678,485	80,131,488
TOTAL CURRENT LIABILITIES		1,655,554,967	2,346,525,069	1,653,876,657	2,247,252,135
NON-CURRENT LIABILITIES					
Loans from related companies and related person	6.1	100,000,000	-	100,000,000	-
Long-term loans - net	18	1,187,765,203	594,280,446	1,187,765,203	594,280,446
Other non-current liabilities		40,987,813	32,831,717	40,987,813	32,281,717
TOTAL NON-CURRENT LIABILITIES		1,328,753,016	627,112,163	1,328,753,016	626,562,163
TOTAL LIABILITIES		2,984,307,983	2,973,637,232	2,982,629,673	2,873,814,298
SHAREHOLDERS' EQUITY					
SHARE CAPITAL					
Authorized share capital					
1,065,000,000 ordinary shares : Baht 1 per share		1,065,000,000	1,065,000,000	1,065,000,000	1,065,000,000
Issued and paid-up share capital					
1,065,000,000 ordinary shares : Baht 1 per share		1,065,000,000	1,065,000,000	1,065,000,000	1,065,000,000
Discount on common shares		(88,750,000)	(88,750,000)	(88,750,000)	(88,750,000)
Capital surplus from land revaluation	13	191,574,847	191,574,847	191,574,847	191,574,847
Capital surplus from machinery revaluation - net	14	1,012,425,737	1,139,010,695	1,012,425,737	1,139,010,695
Deficit earning					
Unappropriated		(898,340,022)	(759,570,335)	(861,097,996)	(719,415,089)
TOTAL SHAREHOLDERS' EQUITY		1,281,910,562	1,547,265,207	1,319,152,588	1,587,420,453
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,266,218,545	4,520,902,439	4,301,782,261	4,461,234,751

Companying notes are an integral part of these financial statement.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(Unit : Baht)

	Notes	Consolidated		Separate	
		2009	2008	2009	2008
REVENUES					
Sales		3,649,496,970	5,611,255,367	3,649,496,970	5,611,255,367
Sales condominium		12,100,000	14,000,000	-	-
Total sales		3,661,596,970	5,625,255,367	3,649,496,970	5,611,255,367
Costs of sales		(3,487,371,890)	(4,931,334,272)	(3,487,371,890)	(4,931,334,272)
Costs of sales condominium		(9,719,317)	(9,505,788)	-	-
Gross profit (loss) margin		164,505,763	684,415,307	162,125,080	679,921,095
Other income	20	154,805,425	79,144,858	146,908,479	89,886,098
Gain (loss) before expenses		319,311,188	763,560,165	309,033,559	769,807,193
Selling expenses		(145,020,675)	(212,849,263)	(144,778,675)	(212,849,263)
Administrative expenses		(107,916,236)	(207,178,661)	(100,799,914)	(193,252,678)
Management benefit expenses	21	(61,096,883)	(68,642,195)	(61,096,883)	(68,642,195)
Total expenses		(314,033,794)	(488,670,119)	(306,675,472)	(474,744,136)
Income (loss) before finance costs		5,277,394	274,890,046	2,358,087	295,063,057
Finance costs		(144,047,081)	(148,421,051)	(144,040,994)	(148,400,662)
NET INCOME (LOSS)		(138,769,687)	126,468,995	(141,682,907)	146,662,395
Attributable to :					
Equity holders of the parent		(138,769,687)	126,468,995	(141,682,907)	146,662,395
Minority interests		-	-	-	-
		(138,769,687)	126,468,995	(141,682,907)	146,662,395
Earnings profit (loss) per Share					
Basic earnings profit (loss) per share (Baht)	23	(0.13)	0.12	(0.13)	0.14
The number of ordinary shares weighted average (Unit : Shares)		1,065,000,000	1,065,000,000	1,065,000,000	1,065,000,000

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

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(Unit : Baht)

	Consolidated								
	Share capital	Premium	Discount	Capital surplus	Capital surplus	Deficit		Minority	Total
	issued and	on share	on share	from land	from machinery	Appropriated	Unappropriated	interest	
paid-up	capital	capital	revaluation	revaluation					
Notes									
Beginning balance as at January 1, 2008	1,065,000,000	-	(88,750,000)	191,574,847	1,267,989,074	-	(886,039,330)	-	1,549,774,591
Depreciation for capital surplus from machinery revaluation	-	-	-	-	(128,978,379)	-	-	-	(128,978,379)
Net Profit for the year	-	-	-	-	-	-	126,468,995	-	126,468,995
Ending Balance as at December 31, 2008	1,065,000,000	-	(88,750,000)	191,574,847	1,139,010,695	-	(759,570,335)	-	1,547,265,207
Depreciation for capital surplus from machinery revaluation	-	-	-	-	(126,584,958)	-	-	-	(126,584,958)
Net loss for the year	-	-	-	-	-	-	(138,769,687)	-	(138,769,687)
Ending Balance as at December 31, 2009	1,065,000,000	-	(88,750,000)	191,574,847	1,012,425,737	-	(898,340,022)	-	1,281,910,562

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

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(Unit : 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	
Beginning balance as at January 1, 2008	1,065,000,000	-	(88,750,000)	191,574,847	1,267,989,074	-	(866,077,484)	1,569,736,437
Depreciation for capital surplus from machinery revaluation	-	-	-	-	(128,978,379)	-	-	(128,978,379)
Net profit for the year	-	-	-	-	-	-	146,662,395	146,662,395
Ending Balance as at December 31, 2008	1,065,000,000	-	(88,750,000)	191,574,847	1,139,010,695	-	(719,415,089)	1,587,420,453
Depreciation for capital surplus from machinery revaluation	-	-	-	-	(126,584,958)	-	-	(126,584,958)
Net loss for the year	-	-	-	-	-	-	(141,682,907)	(141,682,907)
Ending Balance as at December 31, 2009	1,065,000,000	-	(88,750,000)	191,574,847	1,012,425,737	-	(861,097,996)	1,319,152,588

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

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	(Unit : Baht)			
	Consolidated		Separate	
	2009	2008	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Profit (loss)	(138,769,687)	126,468,995	(141,682,907)	146,662,395
Adjustments to reconcile net profit(loss) to cash received (used) operating activities				
Obsoluted stock (Decrease) Increase	4,359,369	(765,921)	4,359,369	(765,921)
Depreciation	112,622,416	109,018,662	112,366,805	108,651,694
Amortization expenses	83,920,808	95,713,747	83,920,808	95,713,747
Doubtful accouhts	4,584,457	-	4,584,457	-
Unrealized (gain) loss on exchange rate	(2,930,952)	27,299,057	(2,930,952)	27,299,057
Loss on write-off assets	1	-	1	-
Loss on impairment of investment in subsidiary company	-	-	-	90,100,000
Reversal loss on impairment of investment in subsidiary company	-	-	(27,260,000)	-
Reversal loss on impairment of finished condominium units	(746,918)	-	-	-
Reversal retention guarantees	(55,000)	-	-	-
Estimated compensation for the claim	-	97,528,466	-	-
Reversal of estimation liability	(43,516,889)	-	-	-
Revenue from adjust the long outstanding of non-movement account	(2,119,901)	-	(2,119,901)	-
Interest expenses	127,626,329	124,077,337	127,626,329	124,077,337
Interest incomes	(29,152)	(35,205)	(12,390,172)	(13,580,197)
Profit (loss) from operating activities before changes in operating assets and liabilities	144,944,881	579,305,138	146,473,837	578,158,112
(Increase) Decrease in Trade accounts receivable	(57,367,730)	413,748,823	(57,367,730)	413,748,823
(Increase) Decrease in Inventories	37,919,013	31,775,960	37,919,013	31,775,960
(Increase) Decrease in Finished condominium units	9,719,316	9,505,788	-	-
(Increase) Decrease in Spare parts and supplies	24,644,142	(386,480)	24,644,142	(386,480)
(Increase) Decrease in Accounts receivable - Revenue Department	(6,044,063)	17,544,025	(6,044,063)	17,544,025
(Increase) Decrease in Other current assets	(63,610,394)	(82,344,833)	(63,610,394)	(82,344,833)
(Increase) Decrease in Other non-current assets	2,697,036	(332,663)	2,776,835	(234,410)
Increase (Decrease) in Account payable	221,735,395	(734,468,295)	221,735,395	(734,468,295)
Increase (Decrease) in Accrued expenses	36,644,386	(35,744,065)	38,200,611	(35,729,116)
Increase (Decrease) in Other current liabilities	(6,476,653)	(10,786,572)	(7,966,722)	(10,766,803)
Increase(Decrease) in estimation liability	(35,000,000)	-	-	-
Increase (Decrease) in Other non - current liabilities	8,211,097	(1,014,415)	8,706,097	(1,014,415)
NET CASH RECEIVED (USED) FROM OPERATING ACTIVITIES	318,016,426	186,802,411	345,467,021	176,282,568
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash received for interest incomes	27,429	35,205	6,061,939	11,245,892
Fixed deposit pledged as collateral	(25,758)	(20,996)	-	-
(Increase) Decrease in loan to subsidiary company	-	-	(35,000,000)	-
Advance for purchase assets	(5,609,418)	(68,161,132)	(5,609,418)	(68,161,132)
Purchase of property, plant and equipment	(52,439,551)	(25,794,162)	(52,439,551)	(25,794,162)
NET CASH RECEIVED (USED) FROM INVESTING ACTIVITIES	(58,047,298)	(93,941,085)	(86,987,030)	(82,709,402)

Company notes are an integral part of these financial statement.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	(Unit : Baht)			
	Consolidated		Separate	
	2009	2008	2009	2008
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (Decrease) in bank overdrafts and short-term loans from financial Institutions	(200,280,811)	255,249,079	(200,280,811)	255,249,079
Repayment of long - term loans	(47,244,628)	(216,340,401)	(47,244,628)	(216,340,401)
Received loans from subsidiary, related company, and director	100,000,000	250,000,000	100,000,000	250,000,000
Repayment loans from subsidiary, related company, and director	-	(250,000,000)	-	(250,000,000)
Cash paid for interest expenses	(125,488,722)	(123,941,004)	(125,488,722)	(123,941,004)
NET CASH RECEIVED (USED) FROM FINANCING ACTIVITIES	(273,014,161)	(85,032,326)	(273,014,161)	(85,032,326)
CASH AND CASH EQUIVALENTS INCREASE(DECREASE) - NET	(13,045,033)	7,829,000	(14,534,170)	8,540,840
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF YEARS	19,731,653	11,902,653	18,103,886	9,563,046
CASH AND CASH EQUIVALENTS AS AT THE END OF YEARS	<u>6,686,620</u>	<u>19,731,653</u>	<u>3,569,716</u>	<u>18,103,886</u>

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

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, Nikhompattana Sub-District, Rayong.

The Company and subsidiary have expenses regarding its employees for the years ended December 31, 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	245.33	263.04	244.90	262.61

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.

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.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

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 year.

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.

2.3. 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:

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

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 FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

3. Significant accounting policies.

The Company and its subsidiary company have significant accounting policies as follows :-

3.1 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, tax coupons and bank deposits in the types of savings account, current account and fixed-deposit not exceeding 3 months maturity period with no obligation.

3.2 Revenue and Cost Recognition

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED

Revenue Recognition

Revenue excludes value added taxes and is shown at after deduction of trade discounts.

Revenue from the sale of goods is recognized in the statement of income when the significant risks and rewards of ownerships have been transferred to the buyer. No revenue is recognized if there are significant uncertainties in advantage receiving from accounting transaction which it can't measure reliable in value of revenue and occurred cost, the probable return of goods or the continuing management involvement with the goods.

RIVERSIDE TOWER COMPANY LIMITED

Revenue and Cost of Sales Recognition

Revenue from sales of the units in the condominium is recognized when the intention to purchase-sell agreements of not less than 40% of the saleable area are entered into and the initial payment of 20% is received according to the percentage of completion method by the basis of the rate estimated by the engineer that not exceed the payment due.

For the calculation of the cost of sales for the unit in the condominium, the development cost of immovable property anticipated to occurred has been allocated (with consideration to the actual cost occurred) to the units in the condominium sole on the basis of the sold area then recognized as the cost in the income statements by using the percentage of completion method.

3.3 Other income and expenses is recognized in the statement of income as it accrues.

3.4 Allowance for doubtful debt was estimated from the consideration of each debtor anticipated of non-payments.

3.5 Inventories are stated at the lower of cost and net realizable value. The methods used as follows:

Finished goods and work-in-process	-	at standard cost which approximates to actual average cost
Raw materials and factory supplies	-	at cost (first-in, first-out method)

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3.6 Finished condominium units and cost in Property development is shown at the lower of cost or net realizable value and less impairment lost whenever circumstances indicate that the recoverable amount of assets is lower than the carrying amount cost of finished condominium units and cost in property development consist of land cost, design expense, public utility fee, construction expense and related interest.

3.7 Investments in subsidiary and associated companies are recorded by using the equity method within the consolidated financial statement.

3.8 Investment in subsidiary and associated companies under the Company only financial statements are recorded using cost method adjusted by the allowance for impairment when the value of the investment permanently decreased.

3.9 Investment in other companies is investment in non-marketable equity fund, which the Company regards as general investment. This is shown at cost adjusted by the allowance for impairment when the value of the investment is permanently decreased.

3.10 At the beginning date of transaction, land was recorded at costs while plant and equipment were recorded at cost net of accumulated depreciation and allowance for impairment. However the Company chose to show value of land, plant and equipment in appraised value (revaluation) which were appraised by independent appraiser.

Revaluations are performed by independent appraiser with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date. The Company has a policy to appraise assets every three (3) to five (5) years or whenever the fair value of the appraised assets materially change from the book value.

Any increase in value due to appraisal, such increase shall be recorded as capital surplus from asset revaluation by netting from the value that was decreased by appraisal and was already recognized in the income statement. And if it is the case that the asset's value decreases due to appraisal, it will be recorded in the income statement for the value only the part that decrease more than capital surplus from asset revaluation that was previously appraised. In case of any sale of asset that was revalued, the capital surplus from the selling asset revaluation shall be transferred to retained earning and for the capital surplus from asset revaluation that considered realized shall be transferred directly to retained earning without passing through income statement.

The Company and its subsidiary company recorded depreciation charge based on straight – line method over their estimate useful life as follows:-

Buildings and improvements	30-50	years
Machinery, equipment and tools	5-20	years
Furniture, fixtures and office equipment	5-10	years
Vehicle	5	years
Other assets	5	years

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3.11 Land, building and machinery not used in operations are stated at cost net of allowance for loss from impairment of asset.

3.12 The Foreign Currency transactions in foreign currencies are translated at the rates of the foreign exchange ruling at the date of transaction. The remaining balance of assets and liabilities in foreign currency at the year end date are translated to Baht at the foreign exchange rates ruling at the date. The profit or loss incurred from the translation is regard as revenue or expense in the income statements.

3.13 Corporate income tax accounted for the amount paid and the accrued amount for the entire year.

3.14 Loss per share is determined by dividing the net loss by the weighted average number of shares outstanding during the year.

3.15 The financial assets consisted of cash and deposits at banks, trade account receivable, and loans receivable. The financial liabilities consisted of bank overdraft, trade account payable and loans payable. The accounting policy for each caption is disclosed in the related heading.

3.16 For accounting estimates required for preparation of financial statements to conform with generally accepted accounting principles, the management has to use various estimates and assumptions which would affect amounts relating to incomes, expenses, assets, liabilities and disclosure of data relating to contingent assets and liabilities. The actual result may differ from amounts already estimated.

3.17 Impairment of assets, the carrying amounts of the Company's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. The recoverable amount is the higher of an asset's selling price or its value in use. Recoverable amount is determined on individual assets or for a cash-generating unit. The Company will devalue assets equal to recoverable amount and recognize loss on impairment of assets in the income statement as incurred unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

3.18 Employee benefits, the Company has setup a provident fund scheme for its employees who are member on a voluntary basis. Contribution to the fund is equally made by the Company and the employees at 5% of their basic salaries. The benefit will be paid to members upon their retirement, death, or resign in accordance with the rules of the fund. The Company has provident fund, which was registered as a juristic entity under the provisions of the Provident Fund Act B.E. 2530. The fund is managed by the asset management company limited.

3.19 Provision for retirement benefit plan, the Company has provided a retirement benefit plan for its employees who have more of continuous service with the Company and who reach the specified retirement age. The Company will pay a retirement benefit according to Labor Law and regulation. As at December 31, 2009 and 2008, the amount provided in the accounts of the Company amounted to Baht 40.99 million and Baht 32.28 million, respectively.

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4. Basis of Preparation of the Consolidated Financial Statements

4.1 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>December 31, 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%.

4.2 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.

5. Reclassification

Certain amounts in the financial statements for the years ended December 31, 2008 have been reclassified to conform to the current year's classifications, with no effect on previously reported net income or shareholders' equity.

6. 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: -

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6.1 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>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>
		2009	2008	2009	2008
- Loan receivable and advance payment					
Consist of:-					
Riverside Tower Co., Ltd.	Subsidiary company				
Beginning		-	-	185,141	185,141
<u>Add Loans during the year</u>		-	-	35,000	-
<u>Less Received repayment during the year</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 year</u>		-	-	-	-
<u>Less Received repayment during the year</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
- Advance received from related person					
Mrs. Suvimol Mahakitsiri	Vice chairman				
Beginning		-	-	-	-
<u>Add Advance during the year</u>		1,450	-	-	-
<u>Less Payment during the year</u>		(1,450)	-	-	-
Ending		-	-	-	-

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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>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>
		<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>
		2009	2008	2009	2008
- Loans from related company and related person					
Consist of :-					
Lakewood Land Co., Ltd.	Related company				
Beginning		-	-	-	-
Add Loans during the year		-	250,000	-	250,000
Less Payment during the year		-	(250,000)	-	(250,000)
Ending		-	-	-	-
Mr. Prayut Mahakitsiri	Chairman				
Beginning		-	-	-	-
Add Loans during the year		100,000	-	100,000	-
Less Payment during the year		-	-	-	-
Ending		100,000	-	100,000	-
Total		100,000	-	100,000	-
- Accrued Interest Revenue					
Riverside Tower Co., Ltd.	Subsidiary company	-	-	25,739	19,411
Total		-	-	25,739	19,411
- Accrued Interest Expense					
Mr. Prayut Mahakitsiri	Chairman	2,060	-	2,060	-
Total		2,060	-	2,060	-

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 5.875% per annum.

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

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6.2 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>For the years ended December 31,</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	2,421	2,421	2,421	2,421
- Income from Rental of condominium units					
Lakewood Land Co., Ltd.	Related company	561	561	-	-
Mr. Prayut Mahakitsiri	Chairman	2,243	2,243	-	-
- Common Area Expense					
PM Riverside Juristic Person	Mutual directors	3,050	3,078	-	-
- Interest income					
Riverside Tower Co., Ltd.	Subsidiary company	-	-	12,389	13,567
- Interest expense					
Lakewood Land Co., Ltd.	Related company	-	1,736	-	1,736
Mr. Prayut Mahakitsiri	Chairman	2,060	-	2,060	-

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 extended 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).

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7. Trade Accounts Receivable - Net

Consist of :-

	(Unit : Baht)	
	Consolidated / Separate	
	As at December 31, 2009	As at December 31, 2008
<u>Domestic Trade Accounts Receivable</u>		
Trade Accounts Receivable within Credit Term	106,812,326	90,034,133
Aging of Trade Accounts Receivable :-		
- Less than 3 Months	20,491,565	25,872,115
- Over 3 Months to 6 Months	96,975	-
- Over 6 Months to 9 Months	-	-
- Over 9 Months	945,916	991,916
Total	128,346,782	116,898,164
<u>Foreign Trade Accounts Receivable</u>		
Trade Accounts Receivable within Credit Term	149,605,331	97,612,123
Aging of Trade Accounts Receivable :-		
- Less than 3 Months	6,653,316	21,846,467
- Over 3 Months to 6 Months	3,416	5,959
- Over 6 Months to 9 Months	-	63
- Over 9 Months	4,584,457	4,803,104
Total	160,846,520	124,267,716
Notes Receivable	32,201,762	23,456,861
<u>Less</u> allowance for doubtful accounts	(4,584,457)	-
Net	316,810,607	264,622,741

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8. Inventories - Net

Consist of:-

	(Unit : Baht)	
	Consolidated / Separate	
	As at December 31, 2009	As at December 31, 2008
Finished goods	52,267,426	61,196,122
Work in process	18,925,411	9,352,241
Raw materials	79,913,129	118,972,137
Packaging	12,563,764	14,328,039
Raw materials in transit	11,107,812	8,848,016
Total	174,777,542	212,696,555
<u>Less</u> Allowance for obsolete stock	(3,116,041)	-
Total	171,661,501	212,696,555

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

	(Unit : Baht)	
	Consolidated/Separate	
	As at December 31, 2009	As at December 31, 2008
Beginning balance	-	765,921
Increase	3,116,041	-
Decrease	-	(765,921)
Ending balance	3,116,041	-

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

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9. Finished Condominium Units – Net

Consist of:-

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
Finished Condominium Units	434,038,893	462,769,786	-	-
<u>Less</u> Allowance loss for Impairment	(18,149,691)	(18,896,609)	-	-
Net	<u>415,889,202</u>	<u>443,873,177</u>	<u>-</u>	<u>-</u>

As at December 31, 2009 and 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 December 31, 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.

10. Advance for Investment - Net

Consist of:-

	(Unit : Baht)	
	Consolidated / Separate	
	As at December 31, 2009	As at December 31, 2008
Advance payment for investment	45,593,886	45,593,886
<u>Less</u> Allowance for Doubtful debt	(45,593,886)	(45,593,886)
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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11. 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	
			December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
(Unit : Thousand Baht)										
								Equity Method	Cost Method	
								December	December	December
								31, 2009	31, 2008	31, 2009
Subsidiary Company										
Riverside Tower Co.,Ltd.	Thailand	Real Estate	1,300	1,300	99.99	99.99	-	-	1,300,000	1,300,000
Associated Companies										
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	-	-	159,836	159,836
Total							-	-	2,978,817	2,978,817
Less Allowance for Impairment in investment							-	-	(2,637,357)	(2,664,617)
Net							-	-	341,460	314,200

In 2009, the Company reversed allowance for impairment of investment in subsidiary company in Riverside Tower Co., Ltd. of Baht 27.26 million in the Company only statements of income for the year ended December 31, 2009, by based on the fair value of net assets as at December 31, 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 (5 directors at the present). Accordingly, the auditor of the Company considered that the Company has still significant influence.

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The significant financial data of TCI are as follows :

	(Unit : Million Baht)	
	As at December 31, 2009	As at December 31, 2008
	“Unaudited”	“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
	“Unaudited”	“Unaudited”
For the years ended December 31,		
Total revenues	N/A	28
Net loss	N/A	(4,693)

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). At present, the liquidation process has not yet been completed.

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12. 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>December 31,</u>	<u>December 31,</u>	<u>December 31,</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 112 million				
(Bangladesh Taka currency)				53.57	53.57	37,487	37,487
Total						81,737	81,737
Less Allowance for impairment of investment						(37,487)	(37,487)
Net						44,250	44,250

13. Land used in operation - at appraised value

As at December 31, 2009 and 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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14. Plant and Equipment-Net

Consist of:-

(Unit : 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	441,455,039	3,889,850,579	263,424,480	65,549,293	62,056,925	1,163,834	4,576,000	4,728,076,150
Purchase	-	42,832,983	1,213,923	1,477,771	-	-	6,914,874	52,439,551
Transfer from work in process	11,394,874	-	-	-	-	-	(11,394,874)	-
Amortized	-	-	-	(80,000)	-	-	-	(80,000)
As at December 31, 2009	452,849,913	3,932,683,562	264,638,403	66,947,064	62,056,925	1,163,834	96,000	4,780,435,701
Capital Surplus from Revaluation								
As at December 31, 2008	-	2,314,193,498	-	-	-	-	-	2,314,193,498
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at December 31, 2009	-	2,314,193,498	-	-	-	-	-	2,314,193,498
Accumulated Depreciation								
As at December 31, 2008	(274,480,206)	(2,772,360,116)	(249,928,233)	(59,297,110)	(56,154,864)	(1,014,647)	-	(3,413,235,176)
Depreciation for the year	(7,848,623)	(94,576,492)	(4,569,320)	(2,544,868)	(2,933,931)	(149,182)	-	(112,622,416)
Amortized	-	-	-	79,999	-	-	-	79,999
As at December 31, 2009	(282,328,829)	(2,866,936,608)	(254,497,553)	(61,761,979)	(59,088,795)	(1,163,829)	-	(3,525,777,593)

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(Unit : 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	-	(1,175,182,803)	-	-	-	-	-	(1,175,182,803)
Depreciation for the year	-	(126,584,958)	-	-	-	-	-	(126,584,958)
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at December 31,, 2009	-	(1,301,767,761)	-	-	-	-	-	(1,301,767,761)
Net Book Value								
As at December 31, 2008	166,974,833	2,256,501,158	13,496,247	6,252,183	5,902,061	149,187	4,576,000	2,453,851,669
As at December 31, 2009	170,521,084	2,078,172,691	10,140,850	5,185,085	2,968,130	5	96,000	2,267,083,845
Depreciation for the years ended								
December 31, 2008	7,588,450	90,832,936	4,627,471	2,668,622	3,095,300	205,883	-	109,018,662
December 31, 2009	7,848,623	94,576,492	4,569,320	2,544,868	2,933,931	149,182	-	112,622,416

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(Unit : 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	441,455,039	3,880,364,139	257,622,870	63,608,035	57,304,271	1,163,834	763,800	4,702,281,988
Purchase	-	9,486,440	5,736,110	1,371,258	4,752,654	-	4,447,700	25,794,162
Transfer from work in process	-	-	65,500	570,000	-	-	(635,500)	-
Amortized	-	-	-	-	-	-	-	-
As at December 31, 2008	441,455,039	3,889,850,579	263,424,480	65,549,293	62,056,925	1,163,834	4,576,000	4,728,076,150
Capital Surplus from Revaluation								
As at December 31, 2007	-	2,314,193,498	-	-	-	-	-	2,314,193,498
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at December 31, 2008	-	2,314,193,498	-	-	-	-	-	2,314,193,498
Accumulated Depreciation								
As at December 31, 2007	(266,891,756)	(2,681,527,180)	(245,300,762)	(56,628,488)	(53,059,564)	(808,764)	-	(3,304,216,514)
Depreciation for the year	(7,588,450)	(90,832,936)	(4,627,471)	(2,668,622)	(3,095,300)	(205,883)	-	(109,018,662)
Amortized	-	-	-	-	-	-	-	-
As at December 31, 2008	(274,480,206)	(2,772,360,116)	(249,928,233)	(59,297,110)	(56,154,864)	(1,014,647)	-	(3,413,235,176)

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(Unit : 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	-	(1,046,204,424)	-	-	-	-	-	(1,046,204,424)
Depreciation for the year	-	(128,978,379)	-	-	-	-	-	(128,978,379)
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at December 31, 2008	-	(1,175,182,803)	-	-	-	-	-	(1,175,182,803)
Net Book Value								
As at December 31, 2007	174,563,283	2,466,826,033	12,322,108	6,979,547	4,244,707	355,070	763,800	2,666,054,548
As at December 31, 2008	166,974,833	2,256,501,158	13,496,247	6,252,183	5,902,061	149,187	4,576,000	2,453,851,669
Depreciation for the years ended								
December 31, 2007	7,567,717	85,633,232	4,407,063	2,799,759	2,488,013	208,904	-	103,104,688
December 31, 2008	7,588,450	90,832,936	4,627,471	2,668,622	3,095,300	205,883	-	109,018,662

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DECEMBER 31, 2009 AND 2008

(Unit : 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	441,455,039	3,889,850,579	263,292,099	63,994,868	62,056,925	-	4,576,000	4,725,225,510
Purchase	-	42,832,983	1,213,923	1,477,771	-	-	6,914,874	52,439,551
Transfer from work in process	11,394,874	-	-	-	-	-	(11,394,874)	-
Amortized	-	-	-	(80,000)	-	-	-	(80,000)
As at December 31, 2009	452,849,913	3,932,683,562	264,506,022	65,392,639	62,056,925	-	96,000	4,777,585,061
Capital Surplus from Revaluation								
As at December 31, 2008	-	2,314,193,498	-	-	-	-	-	2,314,193,498
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at December 31, 2009	-	2,314,193,498	-	-	-	-	-	2,314,193,498
Accumulated Depreciation								
As at December 31, 2008	(274,480,206)	(2,772,360,116)	(249,814,830)	(57,841,680)	(56,154,864)	-	-	(3,410,651,696)
Depreciation for the year	(7,848,623)	(94,576,492)	(4,550,349)	(2,457,410)	(2,933,931)	-	-	(112,366,805)
Amortized	-	-	-	79,999	-	-	-	79,999
As at December 31, 2009	(282,328,829)	(2,866,936,608)	(254,365,179)	(60,219,091)	(59,088,795)	-	-	(3,522,938,502)

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(Unit : 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, 2008	-	(1,175,182,803)	-	-	-	-	-	(1,175,182,803)
Depreciation for the year	-	(126,584,958)	-	-	-	-	-	(126,584,958)
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at December 31, 2009	-	(1,301,767,761)	-	-	-	-	-	(1,301,767,761)
Net Book Value								
As at December 31, 2008	166,974,833	2,256,501,158	13,477,269	6,153,188	5,902,061	-	4,576,000	2,453,584,509
As at December 31, 2009	170,521,084	2,078,172,691	10,140,843	5,173,548	2,968,130	-	96,000	2,267,072,296
Depreciation for the years ended								
December 31, 2008	7,588,450	90,832,936	4,605,001	2,530,007	3,095,300	-	-	108,651,694
December 31, 2009	7,848,623	94,576,492	4,550,349	2,457,410	2,933,931	-	-	112,366,805

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

(Unit : 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	441,455,039	3,880,364,139	257,490,489	62,053,610	57,304,271	-	763,800	4,699,431,348
Purchase	-	9,486,440	5,736,110	1,371,258	4,752,654	-	4,447,700	25,794,162
Transfer from work in process	-	-	65,500	570,000	-	-	(635,500)	-
Amortized	-	-	-	-	-	-	-	-
As at December 31, 2008	441,455,039	3,889,850,579	263,292,099	63,994,868	62,056,925	-	4,576,000	4,725,225,510
Capital Surplus from Revaluation								
As at December 31, 2007	-	2,314,193,498	-	-	-	-	-	2,314,193,498
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at December 31, 2008	-	2,314,193,498	-	-	-	-	-	2,314,193,498
Accumulated Depreciation								
As at December 31, 2007	(266,891,756)	(2,681,527,180)	(245,209,829)	(55,311,673)	(53,059,564)	-	-	(3,302,000,002)
Depreciation for the year	(7,588,450)	(90,832,936)	(4,605,001)	(2,530,007)	(3,095,300)	-	-	(108,651,694)
Amortized	-	-	-	-	-	-	-	-
As at December 31, 2008	(274,480,206)	(2,772,360,116)	(249,814,830)	(57,841,680)	(56,154,864)	-	-	(3,410,651,696)

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

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DECEMBER 31, 2009 AND 2008

(Unit : 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, 2007	-	(1,046,204,424)	-	-	-	-	-	(1,046,204,424)
Depreciation for the year	-	(128,978,379)	-	-	-	-	-	(128,978,379)
Adjusted from Revaluation	-	-	-	-	-	-	-	-
As at December 31, 2008	-	(1,175,182,803)	-	-	-	-	-	(1,175,182,803)
Net Book Value								
As at December 31, 2007	174,563,283	2,466,826,033	12,280,660	6,741,937	4,244,707	-	763,800	2,665,420,420
As at December 31, 2008	166,974,833	2,256,501,158	13,477,269	6,153,188	5,902,061	-	4,576,000	2,453,584,509
Depreciation for the years ended								
December 31, 2007	7,567,717	85,633,232	4,384,594	2,628,782	2,488,013	-	-	102,702,338
December 31, 2008	7,588,450	90,832,936	4,605,001	2,530,007	3,095,300	-	-	108,651,694

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
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In consolidated financial statements, depreciation for the years ended December 31, 2009 and 2008 amounted to Baht 106.34 million and Baht 102.12 million, respectively, are included in cost of sales, and Baht 6.28 million and Baht 6.90 million, respectively, are included in selling and administrative expenses.

In The Separate Financial Statement, depreciation for the years ended December 31, 2009 and 2008 amounted to Baht 106.34 million and Baht 102.12 million, respectively, are included in cost of sales, and Baht 6.03 million and Baht 6.53 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 December 31, 2009 and 2008, the Company has machineries and equipments that fully depreciated but still in use at Baht 800.28 Million and Baht 792.53 million, respectively.

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

All the lands and machinery not used in operation, which cost of Baht 144.85 million and Baht 43.03 million, respectively, were re-appraised. According to reports of independent appraiser using the market value method and replacement cost method respectively. And allowance for impairment of such land and machinery were amount of Baht 41.29 million and Baht 35.71 million, respectively.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

16. Cost of property to be developed - Net

Consist of :

	(Unit : Baht)			
	Consolidated		Separate	
	As at December 31, 2009	As at December 31, 2008	As at December 31, 2009	As at December 31, 2008
Land	127,875,000	127,875,000	-	-
Foundation Cost	51,637,417	51,637,417	-	-
Total	179,512,417	179,512,417	-	-
<u>Less</u> Allowance for loss from impairment	(48,337,417)	(48,337,417)	-	-
Net	<u>131,175,000</u>	<u>131,175,000</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.

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

Consist of:

	(Unit : Baht)	
	Consolidated / Separate	
	As at December 31, 2009	As at December 31, 2008
Bank overdrafts	75,095,991	102,569,825
Packing credits	148,917,000	76,883,000
Liabilities under trust receipts	158,635,383	570,190,660
Promissory notes	403,550,611	559,728,645
Short – term loans	113,078,840	94,722,480
Total	<u>899,277,825</u>	<u>1,404,094,610</u>

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
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As at December 31, 2009 and 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 :-

<u>Currency</u>	<u>As at December 31,</u> <u>2009</u>	<u>Consolidated / Separate</u>		<u>Bank charge and</u> <u>Interest rate</u> <u>Per annum</u>
		<u>As at December 31,</u> <u>2008</u>	<u>Bank charge and</u> <u>Interest rate</u> <u>Per annum</u>	
Baht	1,669.13	1,973.75	1.00 – 8.75	1.00-8.50
US Dollar	1.16	6.41	SIBOR+4.50	SIBOR+3.50

These credit facilities are secured by assets and personal guarantee as mentioned in the note to financial statements No.18

As at December 31, 2009 and 2008 the Company had unutilized credit facility balances by approximately Baht 309.33 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.

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18. Long-Term Loans

Consist of:

	(Unit : Baht)	
	Consolidated / Separate	
Interest rate	As at December	As at December
Per annum	31, 2009	31, 2008
18.1 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 (18.2). 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% 3,822,713	7,639,469
18.2 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 (18.1) with the same conditions. On February 17, 2009, the Company got an approval from such assets 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% 74,277,659	117,705,531

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
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	(Unit : Baht)	
	Consolidated / Separate	
Interest rate	As at December	As at December
Per annum	31, 2009	31, 2008
<p>18.3 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.</p> <p>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.</p> <p>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.</p> <p>On December 29, 2009, the Company got an approval to postpone the repayment schedule for the periods March 2010 to September 2012 to be the periods January 2011 to July 2016.</p>	MLR	808,429,176
<p>18.4 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 1st-2nd year at the rate of MLR-1 per annum and the 3rd year at the rate of MLR per annum).</p> <p>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.</p> <p>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.</p> <p>On December 29, 2009, the Company got an approval to postpone the repayment schedule for the periods February 2010 to August 2010 to be the periods February 2011 to November 2016.</p>	MLR	79,336,027

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	Interest rate	(Unit : Baht)	
		Consolidated / Separate	
		As at December	As at December
	Per annum	31, 2009	31, 2008
18.5 The long term loan from a local bank represent refinancing some portion of short term loan at amount not exceeding to Baht 300 million, repayable in 24 quarterly installments at the amount of Baht 12.50 million for each installment commencing in February 2011 to November 2016.	MLR	300,000,000	-
Total		1,265,865,575	1,013,110,203
<u>Less</u> Current Portion of Long - Term Loans		(78,100,372)	(418,829,757)
Net		<u>1,187,765,203</u>	<u>594,280,446</u>

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. 17 are guaranteed by pledging :-

- a) The Company's land and machinery totaling Baht 2,557.03 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.

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19. Other current liabilities

Consist of :

	(Unit : Baht)			
	Consolidated		Separate	
	As at December 31, 2009	As at December 31, 2008	As at December 31, 2009	As at December 31, 2008
Accrued interest	6,706,472	4,568,865	6,706,472	4,568,865
Accrued expense	79,239,864	44,029,874	79,119,200	42,352,985
Estimation liability (a)	-	97,528,466	-	-
Other current liabilities	26,410,459	33,277,217	24,852,813	33,209,638
Net	<u>112,356,795</u>	<u>179,404,422</u>	<u>110,678,485</u>	<u>80,131,488</u>

- (a) 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 December 31, 2009 and 2008 follows:

	(Unit : Baht)	
	December 31, 2009	December 31, 2008
19.1 As per a verdict passed by the Civil Court on September 26, 2008	-	78,516,889
19.2 As per the Board of Director Resolution on January 5, 2009	-	19,011,577
Total	<u>-</u>	<u>97,528,466</u>

- 19.1 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.

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19.2 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.

20. Other income

For the years ended December 31, 2009 and 2008 details of financial information shown other income consist of:-

	(Unit : Baht)			
	Consolidated		Separate	
	2009	2008	2009	2008
Gain on exchange rate	28,379,175	-	28,379,175	-
Interest income	29,152	35,205	12,390,172	13,580,197
Income from sales scrap	66,241,190	60,917,187	66,241,190	60,917,187
Reversal loss on impairment of investment in subsidiary company	-	-	27,260,000	-
Reversal of estimation liability	43,516,889	-	-	-
Reversal loss on impairment of finished condominium units	746,918	-	-	-
Other income	15,892,101	18,192,466	12,637,942	15,388,714
Total	154,805,425	79,144,858	146,908,479	89,886,098

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21. Management benefit expenses

Management benefit expenses represent benefit expenses that management obtained from the Company such as compensation paid in cash and other benefits as stocks, debentures or other privileges including employee stocks option plan or any incentive, etc. For the listed company, the management represents the management as described in according to Securities and Exchange Law.

Management benefit expenses for the years ended December 31, 2009 and 2008 consist of:-

	(Unit : Baht)	
	Consolidated / Separate	
	2009	2008
Management benefit expenses present in costs of sales	5,498,226	5,835,422
Management benefit expenses present in statements of income	61,096,883	68,642,195
Total	66,595,109	74,477,617

22. 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.

23. 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 years ended December 31, 2009 and 2008 was based on the profit (loss) for the year attributable to equity holders of the company.

Net profit (loss) for the year.

	(Unit : Million Baht)			
	Consolidated		Separate	
	2009	2008	2009	2008
For the years ended December 31,	(139)	126	(142)	147

Weighted average number of ordinary shares (Basic)

	(Unit : Million shares)	
	Consolidated / Separate	
	December 31,	
	2009	2008
Number of ordinary shares outstanding at the beginning	1,065	1,065
Effect of ordinary shares issued during the years	-	-
Weighted average number of ordinary shares outstanding during the years (Basic)	1,065	1,065

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24. 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 the years ended December 31, 2009 and 2008, classified into promoted and non-promoted are as follows :-

	(Unit : Baht)		
	2009		
	Promoted Business	Non-promoted Business	Total
Revenues			
- Export Sales	-	2,307,328,705	2,307,328,705
- Local Sales	-	1,342,168,265	1,342,168,265
- Other Income	-	146,908,479	146,908,479
Total	-	3,796,405,449	3,796,405,449
Costs and Expenses	-	(3,938,088,356)	(3,938,088,356)
Net Loss	-	(141,682,907)	(141,682,907)

	(Unit : Baht)		
	2008		
	Promoted Business	Non-promoted Business	Total
Revenues			
- Export Sales	-	4,097,161,031	4,097,161,031
- Local Sales	-	1,514,094,336	1,514,094,336
- Other Income	-	89,886,098	89,886,098
Total	-	5,701,141,465	5,701,141,465
Costs and Expenses	-	(5,554,479,070)	(5,554,479,070)
Net Profit	-	146,662,395	146,662,395

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.

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25. 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 years ended December 31, 2009 and 2008 details of financial information shown separately for the business segments are as follows:-

	(Unit: Million Baht)					
	Consolidated					
	Film		Condominium		Total	
	2009	2008	2009	2008	2009	2008
Revenue From Sales - Local	1,342	1,514	12	14	1,354	1,528
Revenue From Sales - Foreign	2,308	4,097	-	-	2,308	4,097
Total	3,650	5,611	12	14	3,662	5,625
Gross Profit	162	680	2	4	164	684
Profit (loss) before share of loss from investment	(169)	236	30	(110)	(139)	126
Share of loss from investment recorded using the	-	-	-	-	-	-
Gain on sale investment in Associated Company	-	-	-	-	-	-
Net Profit (loss)	(169)	236	30	(110)	(139)	126

For the years ended December 31, 2009 and 2008 details of financial information shown separately for the geographical segments are as follows:-

	(Unit: Million Baht)				
	Bopp.	Polyester	Cpp.	Metallized	Total
Year 2009					
Revenue from sales - Local	1,156	69	99	18	1,342
Revenue from sales - Foreign					
Asia	1,386	77	10	49	1,522
Europe	310	2	-	4	316
American	210	3	-	-	213
Other	233	1	15	8	257
Total	3,295	152	124	79	3,650
Year 2008					
Revenue from sales -Local	1,322	81	93	18	1,514
Revenue from sales -Foreign					
Asia	2,461	94	12	84	2,651
Europe	469	26	-	4	499
American	466	-	-	-	466
Other	453	1	9	18	481
Total	5,171	202	114	124	5,611

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26. Expenses by nature

For the years ended December 31, 2009 and 2008 details of significant expenses by nature are as follows:-

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Salary and wages and other employee benefits	245,327,131	263,042,706	244,903,300	262,610,907
Depreciation	112,622,416	109,018,662	112,366,805	108,651,694
Amortization	83,920,808	95,713,747	83,920,808	95,713,747
Shut down expenses	67,728,109	105,910,741	67,728,109	105,910,741
Raw materials and consumables used	2,854,187,285	4,295,287,732	2,854,187,285	4,295,287,732
Changes in inventories of finished goods and work in process	2,471,568	7,356,184	2,471,568	7,356,184
Loss on exchange rate	-	11,617,500	-	11,617,500
Loss on impairment of investment in subsidiary company	-	-	-	90,100,000
Electricity expense was re-assessed (1)	22,373,596	-	22,373,596	-
Compensation for the claim in subsidiary company (2)	1,755,000	97,528,466	-	-

(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 Baht 22.37 million in the statement of income in this year.

(2) Compensation for the claim in subsidiary company

For the years ended December 31, 2009 and 2008 as follows:-

	(Unit: Baht)	
	2009	2008
1 As per a verdict passed by the Civil Court on September 26, 2008 (Note 19.1)	-	78,516,889
2 As per the Board of Director Resolution on January 5, 2009 (Note 19.2)	-	19,011,577
3 As per a verdict passed by the Supreme Court on June 18, 2009 (a)	1,450,000	-
4 As per a verdict regarding to the purchase contract to acquire materials and instruments for aluminium and glasses	305,000	-
Total	<u>1,755,000</u>	<u>97,528,466</u>

(a) 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 subsidiary company has already recorded compensation expense into account.

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27. Commitments and Contingent Liabilities

As at December 31, 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

27.1 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 14.95 million.

27.2 Had unused letters of credit, liabilities under trust receipts and Promissory notes in amount of approximately Baht 124.32 million.

27.3 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 38.16 million.

27.4 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 Company requested to extend the filing of testimony from February 1, 2010 to be March 2, 2010. And the settlement at court including the investigation filing case will be held at the court on March 8, 2010. The Company's lawyer opined that the Company does not have any liability with such bank as the third defendant as the contract pledging the shares of an associated company was already expired. 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

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- RIVERSIDE TOWER COMPANY LIMITED

27.5 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.

28. 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.

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

		(Unit: Thousand)		
		Foreign Currency	As at December 31, 2009	As at December 31, 2008
Assets	US Dollar		4,270	2,535
	EURO		508	508
	GBP		52	119
Liabilities	US Dollar		9,717	20,478
	EURO		48	105
	GBP		15	-
	JPY		89,150	57,064

As at December 31, 2009 the Company did not have any outstanding of forward contract.

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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.

29. 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 December 31, 2009 and 2008, debt to equity ratio in the consolidated financial statements is 2.33 and 1.92, respectively (the separate financial statements: debt to equity ratio is 2.26 and 1.81, respectively).

30. 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.

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31. Subsequent Event

On January 8, 2010, the Annual Ordinary General Meeting of Shareholders No.1 for the year 2010 unanimously approved as follow:

31.1 Approved a resolution to increase its registered capital amount 300 million shares by issuance of 300 million ordinary shares at a price of Baht 1 per share. The Company will allot new shares to existing shareholders at a ratio 3.55 existing shares to 1 new share at Baht 1 per share. The existing shareholders may also subscribe for additional shares at Baht 1 per share. The Company will take the following steps.

- 1) Allotment by right of existing shareholders.
- 2) The remaining shares unexercised under the allotment will be allotted to the over-allotment subscribers by.
 - a. In case the number of remaining shares from 1 is smaller than the over-allotment subscription, the Company will allot the remaining shares to the over-allotment subscribers in proportion to the original shareholding until the shares are depleted.
 - b. In case the number of remaining shares from 1 is greater than the over-allotment subscription, the Company will allot the remaining shares to all over-allotment subscribers and cancel the unrequested shares.

And approved the dates of share subscription and payment for new shares during February 1-5, 2010, at the present, the Company has already received cash from increase in share capital of Baht 300 million. The Company registered the increasing of issue and paid-up share capital with the Ministry of Commerce on February 12, 2010.

31.2 Approved an amendment of the Company's Memorandum, in accordance with the proposed capital increase by amended its registered capital from Baht 1,065,000,000 to Baht 1,365,000,000. The Company registered the increasing of registered share capital with the Ministry of Commerce on January 19, 2010.

32. Approval of Financial Statements

Board of Directors of the Thai Film Industries Public Company Limited has approved these financial statements on February 24, 2010.