

## **Independent Auditor's Report**

To the Shareholders of Thai Film Industries Public Company Limited

### **Disclaimer of Opinion**

I was engaged to audit the accompanying financial statements of Thai Film Industries Public Company Limited and its subsidiaries, which comprise the separate statement of financial position as at December 31, 2017, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Because of the significant matters as discuss on Basis for Disclaimer of Opinion could have material effected to the Company's ability to continue its operation as going concern, and may suffusive effected to the consolidated and seperate financial statement.

### **Basis for Disclaimer of Opinion**

As discussed in Note 26.4 to the financial statements, (1) 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. On November 29, 2016, the court dismissed the company. On January 26, 2017, the plaintiff has filed an appeal and on March 24, 2017, the Company has filed an appeal. The court has orders to accept and appeals and objections to suspension of enforcement with bank. The Court of appeal will appoint the date for judgment on November 21, 2017. The Court of Appeal ruled that the agreement has not been suspended, and the Company is only liable for the pledge, but not more than baht 600 million. At present, this case is in process of Supreme Court. (2) On September 30, 2009, the Company was sued by the same bank as the third defendant under contractual pledge the same issue with the lawsuit case (1) in the Central Intellectual Property and International Trade Court. On June 22, 2017, the Central Intellectual Property and International Trade Court sentenced the Company jointly to repay Baht 902.3 million with interest at the rate of 7.5% per annum of the principal of Baht 600 million since the date of sue up to the date of completed payment. On September 20, 2017, the Company filed an appeal with the Court. At the present, the Court of appeal is considering.

In both cases, the Company is a defendant under the share pledge agreement of Baht 600 million. The Company's lawyer has opinion that the pledging of shares as collateral for a period of four years had ended. If the Company is liable, the Company is liable only for the amount from the pledge assets auction and not over Baht 600 million, At present, the Bankruptcy Court sentenced the associate company to bankruptcy, and the shares of an associate company have no value, thus there is no impact on the company's reimbursement.

### **Significant uncertainties associated with going concern**

I note Note 30 to the financial statements, as at December 31, 2017, the Company has shareholders' equity amounting to Baht 395.31 million, excluded the contingently liabilities on the sued case in Note 26.4 (2) which the Central Intellectual Property and International Trade Court sentenced the Company jointly to repay Baht 902.3 million with interest at the rate of 7.5% per annum of the principal of Baht 600 million since the date of sue up to the date of completed payment. The Company's ability to continue its operation as a going concern will significantly depend on the results of the case in the Appeal Court and Supreme Court which it will takes longer time. These factors indicated the existence of material uncertainties about the Company's ability to continue its operation as a going concern.

### **Other matters**

The consolidated and separate statements of financial statement for the year ended 31 December 2016, of Thai Film Industries Public Company Limited and its subsidiaries, presented herewith for comparative purpose only, were audited by another auditor in my firm whose report dated on February 20, 2017, expressed an unqualified opinion on those financial statements the consolidated and separate.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr.Jadesada Hungsapruak

Mr.Jadesada Hungsapruak

Certified Public Accountant (Thailand) No. 3759

Karin Audit Company Limited

February 15, 2018

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED**  
**AND SUBSIDIARIES**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017**  
**AND**  
**AUDITOR'S REPORT**

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

**STATEMENTS OF FINANCIAL POSITION**

**AS AT DECEMBER 31,2017**

		(Unit : Baht)		
		Consolidated	Separate	
Notes	December 31, 2016	December 31, 2017	December 31, 2016	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
		72,689,997	56,367,062	71,604,107
Cash and cash equivalents				
Trade and other current receivables - net	5.1,6	267,226,805	245,773,074	267,226,805
Inventories - net	7	224,145,346	203,395,842	224,145,346
Spare parts and supplies - net		60,180,705	55,544,062	60,180,705
Advance for Investment - net	8	-	-	-
Other current assets		8,744,754	7,759,275	8,744,754
<b>TOTAL CURRENT ASSETS</b>		<b>632,987,607</b>	<b>568,839,315</b>	<b>631,901,717</b>
<b>NON-CURRENT ASSETS</b>				
Restricted bank deposits	9	1,029,274	1,039,460	1,029,274
Investments in subsidiary and associated companies - net	10	-	-	-
Investments in associated companies under absolute order control of property - net	11	-	-	-
Other long-term investments				
Related companies - net	12	-	-	-
Other company		2,000,000	-	2,000,000
Loans receivable, advance payments - subsidiary, associated and related companies - net	5.1	-	-	-
Land used in operation - at appraised value	13	474,877,000	474,877,000	474,877,000
Plant and equipment used in operation - net	14	989,259,009	665,092,085	989,259,009
Property, plant and equipment not used in operation - net	15	60,692,908	301,917,377	60,692,908
Other non-current assets		4,482,760	6,840,719	4,482,760
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,532,340,951</b>	<b>1,449,766,641</b>	<b>1,532,340,951</b>
<b>TOTAL ASSETS</b>		<b>2,165,328,558</b>	<b>2,018,605,956</b>	<b>2,164,242,668</b>

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31,2017

(Unit : Baht)

	Notes	Consolidated	Separate	
		December 31, 2016	December 31, 2017	December 31, 2016
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Bank overdrafts and short-term loans from financial institutions	16	983,626,929	24,086,690	983,626,929
Trade and other current payables - other	5.1	219,423,954	170,708,245	219,273,955
Long-term loans due for payment	17	130,591,796	-	130,591,796
Short-term borrowings - Related companies	5.1	-	80,000,000	-
Current loans under debt restructuring agreements	18	-	892,465,681	-
Current provisions for employee benefits	20	5,268,609	2,175,083	5,268,609
Other current liabilities		639,582	629,174	637,582
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,339,550,870</b>	<b>1,170,064,873</b>	<b>1,339,398,871</b>
<b>NON-CURRENT LIABILITIES</b>				
Non-current loans under debt restructuring agreements	18	-	277,984,965	-
Deferred tax liabilities	19	147,763,276	148,403,474	147,763,276
Non-current provisions for employee benefit	20	29,915,839	26,838,892	29,915,839
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>177,679,115</b>	<b>453,227,331</b>	<b>177,679,115</b>
<b>TOTAL LIABILITIES</b>		<b>1,517,229,985</b>	<b>1,623,292,204</b>	<b>1,517,077,986</b>
<b>EQUITY</b>				
<b>SHARE CAPITAL</b>				
Authorized share capital				
2,661,750,000 ordinary shares : Baht 1 per share		2,661,750,000	2,661,750,000	2,661,750,000
Issued and paid-up share capital				
2,047,500,000 ordinary shares : Baht 1 per share		2,047,500,000	2,047,500,000	2,047,500,000
Discount on common shares		(88,750,000)	(88,750,000)	(88,750,000)
Retained earnings (Deficits) -Unappropriated		(1,500,483,304)	(1,753,268,125)	(1,501,417,195)
Other components of equity		189,831,877	189,831,877	189,831,877
<b>TOTAL EQUITY</b>		<b>648,098,573</b>	<b>395,313,752</b>	<b>647,164,682</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,165,328,558</b>	<b>2,018,605,956</b>	<b>2,164,242,668</b>

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2017

(Unit : Baht)

	Notes	Consolidated		Separate	
		2017	2016	2017	2016
Sales	24	1,696,551,151	1,921,127,338	1,696,551,151	1,921,127,338
Costs of sales	5.2	(1,554,726,055)	(1,710,209,563)	(1,554,726,055)	(1,710,209,563)
<b>Gross profit margin</b>		141,825,096	210,917,775	141,825,096	210,917,775
Other income	5.2 , 21	44,383,969	19,175,743	44,381,947	19,530,624
Distribution costs	5.2	(50,326,295)	(58,939,673)	(50,326,295)	(58,939,673)
Administrative expenses	5.2	(191,352,726)	(180,474,150)	(191,118,285)	(193,769,848)
Finance costs	5.2	(207,918,399)	(121,413,317)	(207,917,099)	(121,412,577)
<b>Profit (loss) before income tax expense</b>		(263,388,355)	(130,733,622)	(263,154,636)	(143,673,699)
Tax (expense) income	22	(640,198)	(1,305,637)	(640,198)	(1,305,637)
<b>Profit (loss) for the year</b>		(264,028,553)	(132,039,259)	(263,794,834)	(144,979,336)
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
Gains (losses) on remeasurements of defined benefit plans	20	11,943,904	8,827,662	11,943,904	8,827,662
<b>Other comprehensive income for the year</b>		11,943,904	8,827,662	11,943,904	8,827,662
<b>Total profit (loss) and comprehensive income for the year</b>		(252,084,649)	(123,211,597)	(251,850,930)	(136,151,674)
<b>Profit (loss) attributable to</b>					
Owners of parent		(264,028,553)	(132,039,259)	(263,794,834)	(144,979,336)
Non-controlling Interests		-	-	-	-
		(264,028,553)	(132,039,259)	(263,794,834)	(144,979,336)
<b>Total comprehensive income (expense) attributable to</b>					
Owners of parent		(252,084,649)	(123,211,597)	(251,850,930)	(136,151,674)
Non-controlling Interests		-	-	-	-
		(252,084,649)	(123,211,597)	(251,850,930)	(136,151,674)
<b>Basic earnings (loss) per share</b>					
Basic earnings (loss) per share from continuing operations	23	(0.129)	(0.064)	(0.129)	(0.071)



THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2017

(Unit : Baht)

Consolidated														
Equity attributable to owners of the parent														
	Notes	Equity attributable to owners of the parent					Other components of equity				Total equity attributable to owners of the parent	Non Controlling interests	Total	
		Share capital issued and paid-up	Discount on share capital	Deficit			Capital surplus from land revaluation	Other comprehensive income		Total other comprehensive income				Total other components of equity
				Appropriated	Unappropriated	Total		Gains (losses) on remeasurements of defined benefits plans	Total other comprehensive income					
<b>Balance as at January 1, 2016</b>		2,047,500,000	(88,750,000)	-	(1,377,271,707)	(1,377,271,707)	189,831,877	-	189,831,877	189,831,877	771,310,170	-	771,310,170	
Profit (loss) for the year		-	-	-	(132,039,259)	(132,039,259)	-	-	-	-	(132,039,259)	-	(132,039,259)	
Transfer to profit (loss)		-	-	-	8,827,662	8,827,662	-	(8,827,662)	(8,827,662)	(8,827,662)	-	-	-	
Other comprehensive infcom for the year	20	-	-	-	-	-	-	8,827,662	8,827,662	8,827,662	8,827,662	-	8,827,662	
<b>Ending balance as at December 31, 2016</b>		<u>2,047,500,000</u>	<u>(88,750,000)</u>	<u>-</u>	<u>(1,500,483,304)</u>	<u>(1,500,483,304)</u>	<u>189,831,877</u>	<u>-</u>	<u>189,831,877</u>	<u>189,831,877</u>	<u>648,098,573</u>	<u>-</u>	<u>648,098,573</u>	
<b>Balance as at January 1, 2017</b>		2,047,500,000	(88,750,000)	-	(1,500,483,304)	(1,500,483,304)	189,831,877	-	189,831,877	189,831,877	648,098,573	-	648,098,573	
Profit (loss) for the year		-	-	-	(264,028,553)	(264,028,553)	-	-	-	-	(264,028,553)	-	(264,028,553)	
Transfer to profit (loss)		-	-	-	11,943,904	11,943,904	-	(11,943,904)	(11,943,904)	(11,943,904)	-	-	-	
Other comprehensive infcom for the year	20	-	-	-	-	-	-	11,943,904	11,943,904	11,943,904	11,943,904	-	11,943,904	
<b>Ending balance as at December 31, 2017</b>		<u>2,047,500,000</u>	<u>(88,750,000)</u>	<u>-</u>	<u>(1,752,567,953)</u>	<u>(1,752,567,953)</u>	<u>189,831,877</u>	<u>-</u>	<u>189,831,877</u>	<u>189,831,877</u>	<u>396,013,924</u>	<u>-</u>	<u>396,013,924</u>	

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

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2017

(Unit : Baht)

		Separate									
		Other components of equity									
		Deficit			Other comprehensive income			Total other			
		Share capital	Discount	Deficit		Capital surplus	Gains (losses)	Total other	Total other		
		issued and	on share	Appropriated	Unappropriated	from land	on remeasurements	comprehensive	components		
Notes		paid-up	capital		Total	revaluation	of defined benefits plans	income	of equity	Total	
	<b>Balance as at January 1, 2016</b>	2,047,500,000	(88,750,000)	-	(1,365,265,521)	(1,365,265,521)	189,831,877	-	189,831,877	189,831,877	783,316,356
	Profit (loss) for the year	-	-	-	(144,979,336)	(144,979,336)	-	-	-	-	(144,979,336)
	Transfer to profit (loss)	-	-	-	8,827,662	8,827,662	-	(8,827,662)	(8,827,662)	(8,827,662)	-
	Other comprehensive infcom for the year	-	-	-	-	-	-	8,827,662	8,827,662	8,827,662	8,827,662
	<b>Ending balance as at December 31, 2016</b>	<u>2,047,500,000</u>	<u>(88,750,000)</u>	<u>-</u>	<u>(1,501,417,195)</u>	<u>(1,501,417,195)</u>	<u>189,831,877</u>	<u>-</u>	<u>189,831,877</u>	<u>189,831,877</u>	<u>647,164,682</u>
	<b>Balance as at January 1, 2017</b>	2,047,500,000	(88,750,000)	-	(1,501,417,195)	(1,501,417,195)	189,831,877	-	189,831,877	189,831,877	647,164,682
	Profit (loss) for the year	-	-	-	(263,794,834)	(263,794,834)	-	-	-	-	(263,794,834)
	Transfer to profit (loss)	-	-	-	11,943,904	11,943,904	-	(11,943,904)	(11,943,904)	(11,943,904)	-
	Other comprehensive infcom for the year	-	-	-	-	-	-	11,943,904	11,943,904	11,943,904	11,943,904
	<b>Ending balance as at December 31, 2017</b>	<u>2,047,500,000</u>	<u>(88,750,000)</u>	<u>-</u>	<u>(1,753,268,125)</u>	<u>(1,753,268,125)</u>	<u>189,831,877</u>	<u>-</u>	<u>189,831,877</u>	<u>189,831,877</u>	<u>395,313,752</u>

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

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2017**

	(Unit : Baht)			
	Consolidated		Separate	
	2017	2016	2017	2016
<b>Cash flows from operating activities</b>				
Profit (loss) for the year	(264,028,553)	(132,039,259)	(263,794,834)	(144,979,336)
Adjustments to reconcile profit (loss) for the year to net cash				
Income tax expense (income)	640,198	1,305,637	640,198	1,305,637
(Increase) Decrease in Trade and other current receivables	21,349,909	58,326,868	21,349,909	58,326,868
(Increase) Decrease in Inventories	18,977,419	50,182,099	18,977,419	50,182,099
(Increase) Decrease in Spare parts and supplies	4,923,391	(4,217,132)	4,923,391	(4,217,132)
(Increase) Decrease in Other current assets	(15,018,234)	(20,043,523)	(15,018,234)	(20,043,523)
(Increase) Decrease in Non-current assets	(2,743,735)	(4,341,504)	(2,743,715)	(4,341,459)
Increase (Decrease) in Trade and other current payables	35,249,170	(147,408,272)	35,167,449	(147,408,272)
Increase (Decrease) in Other current liabilities	(8,409)	(219,629)	(8,409)	(219,629)
Cash paid for employee benefits	(1,692,490)	(2,577,800)	(1,692,490)	(2,577,800)
(Reversal of) allowance for damage obsoleted stock	1,766,789	2,293,122	1,766,789	2,293,122
Depreciation	101,174,422	102,719,044	101,174,422	102,719,044
Profit from sales assets and supplies	-	(1,444,691)	-	(1,444,691)
Amortization expenses	16,003,714	20,653,049	16,003,714	20,653,049
Provision for employee benefits	7,465,921	6,972,211	7,465,921	6,972,211
Unclaimed withholding tax	385,776	1,890,883	385,756	1,890,701
Unrealized (gain) loss on exchange rate	(245,019)	221,487	(245,019)	221,487
Loss on written off assets and supplies	217,812	20,186	217,812	20,186
Revenue from adjust non-movement	(562,077)	(147,722)	(562,077)	(147,722)
Impairment - investment in subsidiaries (reverse)	-	-	(3,999,600)	3,999,600
Impairment - investments in other companies	2,000,000	-	2,000,000	-
Allowance for loan receivable and accrued interest receivable to subsidiaries				
(reverse)	-	-	(9,454,080)	9,454,080
Bad Debt for loan receivable and accrued interest receivable to subsidiaries	-	-	9,454,080	-
Allowance for trade account receivable (reverse)	(895,916)	-	(895,916)	-
Bad Debt	1,358,533	-	4,655,531	-
Interest expenses	204,888,382	115,207,448	204,888,382	115,207,448
Interest incomes	(234,695)	(179,896)	(232,673)	(534,778)
Total adjustments to reconcile profit (loss) for the year	395,000,861	179,211,865	394,218,560	192,310,526
<b>Net cash flows provided (used in) from operating activities</b>	<b>130,972,308</b>	<b>47,172,606</b>	<b>130,423,726</b>	<b>47,331,190</b>

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

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2017

	(Unit : Baht)			
	Consolidated		Separate	
	2017	2016	2017	2016
<b>Cash flows from investing activities</b>				
(Increase) Decrease in restricted bank deposits	(10,186)	(11,610)	(10,186)	(11,610)
Cash received from capital return in subsidiaries	-	-	702,602	-
Interest income received	232,171	180,071	230,149	175,571
Cash received from sales assets	-	1,487,103	-	1,487,103
Purchase of property, plant and equipment	(18,731,231)	(21,887,609)	(18,731,231)	(21,887,609)
<b>Net cash flows provided (used in) from investing activities</b>	<b>(18,509,246)</b>	<b>(20,232,045)</b>	<b>(17,808,666)</b>	<b>(20,236,545)</b>
<b>Cash flows from financing activities</b>				
Increase (Decrease) in bank overdrafts and short-term loans from financial Institution	(172,962,121)	150,462,433	(172,962,121)	150,462,433
Cash received from short-term borrowings - Related companies	80,000,000	-	80,000,000	-
Repayment of long - term loans	(22,000,000)	(67,369,097)	(22,000,000)	(67,369,097)
Cash paid for interest expenses	(12,889,984)	(42,898,258)	(12,889,984)	(42,898,258)
<b>Net cash flows provided (used in) from financing activities</b>	<b>(127,852,105)</b>	<b>40,195,078</b>	<b>(127,852,105)</b>	<b>40,195,078</b>
<b>CASH AND CASH EQUIVALENTS INCREASE (DECREASE) - NET</b>	<b>(15,389,043)</b>	<b>67,135,639</b>	<b>(15,237,045)</b>	<b>67,289,723</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF YEAR</b>	<b>72,689,997</b>	<b>5,554,358</b>	<b>71,604,107</b>	<b>4,314,384</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF YEAR</b>	<b>57,300,954</b>	<b>72,689,997</b>	<b>56,367,062</b>	<b>71,604,107</b>
<b>Cash and cash equivalents</b>				
Consist of:				
Cash on hand	104,449	94,218	80,885	81,454
Cash at banks - current accounts	6,284,313	4,664,095	6,279,313	4,659,095
Cash at banks - savings accounts	50,912,192	67,931,684	50,006,864	66,863,558
	<b>57,300,954</b>	<b>72,689,997</b>	<b>56,367,062</b>	<b>71,604,107</b>

cash flow disclosures

1. During the year 2017, the Company transferred some machinery to non-operating machinery with a book value of 243.79 million baht.
2. During the year 2017, the Company transferred some non-operating machinery to a machine with a carrying value of 1.06 million baht.
3. On December 28, 2017, the Company entered into a debt restructuring agreement with a commercial bank by transferring overdrafts and short-term loans from financial institutions, amounting to Baht 793.59 million, accrued interest of Baht 268.27 million, and long-term loans of Baht 108.59 million, totaling Baht 1,170.45 million and presented as the loans under debt restructuring agreement.

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**1. GENERAL**

Thai Film Industries Public Company Limited 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 major shareholders are Mahagitsiri family. 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 District, Rayong.

**2. BASIS FOR FINANCIAL STATEMENT PREPARATION**

**2.1 Statement of compliance**

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“ TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (FAP); applicable rules and regulations of the Office of the Securities and Exchange Commission.

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

**2.2 Financial reporting standard**

**a) Financial reporting standards that became effective in the current year**

During the year, the Group have adopted the revised (revised 2016) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group’s financial statements.

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**b) Financial reporting standards that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) which is effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Group believe that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements.

**2.3 Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- Investment properties are measured at fair value;
- Land is measured at appraisal value

**2.4 Presentation currency**

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded to the nearest thousand or million unless otherwise stated.

**2.5 Use of estimates and judgements**

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following note:

Note 22	Income Taxes and Deferred Income Tax
Note 20	Measurement of defined benefit obligations

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Fair value estimation

The company estimates fair value for land and machineries, investment property and long-term borrowings from financial institutions. The different levels of fair value estimation have been defined as follows:

- Level 1      Quoted prices in active markets for identical assets or liabilities
- Level 2      Using other quoted prices that are observable for the asset or liability, either directly or indirectly
- Level 3      Inputs for the asset or liability that are not based on observable market data such as estimated future cash flow from the company.

The company discloses the fair value measurement of above items in related notes to financial statement.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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

**3.1 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, demand deposits, and highly liquid short-term investments that are readily convertible to known amount or that are subject to an insignificant risk of change in value, but not include time deposits with maturity exceed three-month period (fixed deposits).

**3.2 Trade account receivables**

Trade account receivables are presented at realizable value. The Company provides allowance for doubtful accounts equal to the amount of expected uncollectible receivable which are based on management evaluation of ability to pay of each receivable

**3.3 Inventories**

Inventories are presented at the lower of cost or net realizable value (NRV.). Cost of inventories is recorded under the basis 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)

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventories. The Company estimates net realizable value from the estimated selling price in the ordinary course of business, less the estimated expenses necessary to make the sale.

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**3.4 Investments in subsidiary and associated companies**

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

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.

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.

**3.5 Property, plant and equipment**

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.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

However the Company chose to show value of land in appraised value (revaluation) which were appraised by independent appraiser. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less impairment losses.

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 statements of financial position 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.



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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 recognised in the statements of comprehensive income and if it is the case that the asset's value decreases due to appraisal, it will be recorded in the statements of comprehensive income 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 that considered realized shall be transferred directly to retained earnings and shall not recognised as profit or loss from sales assets.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment 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

**3.6 Land, building and machinery not used in operations**

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

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**3.7 Impairment of assets**

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same times. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**3.8 Trade and other current accounts payable**

Trade and other current accounts payable are stated at cost.

**3.9 Provision for employee benefits**

Provision for post benefits and long – term benefits employees

The Group's net obligation in respect of long-term employee benefits (Legal Severance Payment and other long-term benefits) is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on government bonds. The calculation is performed by the independent actuarial using the projected unit credit method .

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The Company recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**3.10 Revenue and Cost of Sales Recognition**

Revenue Recognition

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

Revenue from the sale of goods is recognised in the statement of comprehensive income when the significant risks and rewards of ownerships have been transferred to the buyer. No revenue is recognised 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.

Other income and other expenses is recognised as it accrues.

**3.11 Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

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Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group/Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group/Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**3.12 Basic earnings per share**

Earnings (Loss) per share is determined by dividing the net profit (loss) by the weighted average number of shares outstanding during the year.

**3.13 Foreign currencies**

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 statements of comprehensive income.

**3.14 Use of estimates and judgements**

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.

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**4. BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, in which the Company has authority to control or holds more than 50% of the subsidiaries shares.

Subsidiaries

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The preparation of the consolidated financial statements has been based on the same accounting policies for the same or similar accounting transactions or account events.

The intercompany transactions and balances between the Company and the subsidiaries have been eliminated.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as follows:

Company Name	Nature of Business	Percentage of Shareholding 2016 (%)
<b><u>Subsidiary liquidated</u></b>		
1. TFI Trading Co., Ltd.	Involving in renewable energy	99.99
<b><u>Indirect subsidiaries liquidated</u></b>		
2. TFI Power (Korat 1) Co., Ltd.	Involving in renewable energy	99.96
3. TFI Power (Korat 2) Co., Ltd.	Involving in renewable energy	99.96
4. TFI Power (Korat 3) Co., Ltd.	Involving in renewable energy	99.96
5. TFI Power (Korat 4) Co., Ltd.	Involving in renewable energy	99.96

The significant intercompany transactions and balances between the Company and the subsidiaries were eliminated from the consolidated financial statements.

The Extraordinary Shareholder's Meeting No.1/2017 of all subsidiaries, held on September 5,2017 passed the resolution to liquidate the subsidiary. On November 23, 2017, all subsidiaries registered the liquidation with the Ministry of Commerce.

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**5. TRANSACTIONS WITH RELATED PARTIES**

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Significant related parties' transactions can be summarized as follows.

Related Parties	Type of Relationship
TFI Trading Co., Ltd.	Subsidiary company
TFI Power (Korat 1) Co., Ltd.	Subsidiary company
TFI Power (Korat 2) Co., Ltd.	Subsidiary company
TFI Power (Korat 3) Co., Ltd.	Subsidiary company
TFI Power (Korat 4) Co., Ltd.	Subsidiary company
Thai Film Bangladesh Co., Ltd.	Related company
PM Group Co.,Ltd.	The same shareholders and directors

5.1 Inter-assets and liabilities

	(Unit : Thousand Baht)		
	Consolidated	Separate	
	December 31, 2016	December 31, 2017	December 31, 2016
<b>Loan receivable and advance to subsidiary companies</b>			
TFI Power (Korat 1) Co., Ltd.	-	-	2,067
TFI Power (Korat 2) Co., Ltd.	-	-	2,067
TFI Power (Korat 3) Co., Ltd.	-	-	2,067
TFI Power (Korat 4) Co., Ltd.	-	-	2,067
Total	-	-	8,268
<u>Less</u> allowance for doubtful accounts	-	-	(8,268)
Net	-	-	-
<b>Loan to related companies</b>			
Thai Film Bangladesh Co., Ltd.	37,965	37,965	37,965
<u>Less</u> allowance for doubtful accounts	(37,965)	(37,965)	(37,965)
Net	-	-	-
<b>Total loan receivable and advance</b>	-	-	-

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	(Unit : Thousand Baht)		
	Consolidated	Separate	
	December 31, 2016	December 31, 2017	December 31, 2016
<b>Accrued interest receivable</b>			
TFI Power (Korat 1) Co., Ltd.	-	-	297
TFI Power (Korat 2) Co., Ltd.	-	-	297
TFI Power (Korat 3) Co., Ltd.	-	-	297
TFI Power (Korat 4) Co., Ltd.	-	-	297
Total	-	-	1,188
Less allowance for doubtful accounts	-	-	(1,188)
Net	-	-	-
<b>Movement of loan receivable and advance payment</b>			
<b>Beginning balance</b>	-	8,268	8,268
Increase during in the years	-	-	-
Decrease during in the years	-	(8,268)	-
<b>Ending balance</b>	-	-	8,268
<b>Short-term borrowing – Related companies</b>			
PM Group Co., Ltd.	-	80,000	-
<b>Accrued interest expenses</b>			
PM Group Co., Ltd.	-	27	-
<b>Movement of short-term loans</b>			
<b>Beginning balance</b>	-	-	-
Increase during in the year	-	80,000	-
Payment during in the year	-	-	-
<b>Ending balance</b>	-	80,000	-

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As at December 31, 2017, the Company has short-term loan under promissory note amount of Baht 80 million, due at call without any collateral and interest rate at MOR-1% per annum.

On August 10, 2017, the Board of Director passed a resolution to waive the debt to all subsidiaries, amounting Baht 9.46 million because of liquidated the subsidiary.

As at December 31, 2016 the Company has loan to its subsidiaries as promissory notes which call on demand at interest rate MOR+1.50% per annum.

**5.2 Inter-revenue and expense**

For the years ended December 31, 2017 and 2016 as follow:

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	2017	2016	2017	2016
<b>Interest income</b>				
TFI Power (Korat 1) Co., Ltd.	-	-	-	90
TFI Power (Korat 2) Co., Ltd.	-	-	-	90
TFI Power (Korat 3) Co., Ltd.	-	-	-	90
TFI Power (Korat 4) Co., Ltd.	-	-	-	90
	-	-	-	360
<b>Interest expense</b>				
PM Group Co., Ltd.	4,198	-	4,198	-
<b>Key management personnel compensation</b>				
Short-term employee benefit	41,790	42,420	41,790	42,420
Long-term employee benefit	3,282	3,250	3,282	3,250
	45,072	45,670	45,072	45,670

Key management personnel compensation expenses for the years ended December 31, 2017 and 2016 consist of:-

	(Unit : Thousand Baht)	
	Consolidated / Separate	
	2017	2016
Present in costs of sales	5,797	5,331
Present in selling and administrative expenses	39,275	40,339
Total	45,072	45,670



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**6. TRADE AND OTHER CURRENT RECEIVABLES – NET**

Consist of :-

	(Unit : Baht)		
	Consolidated	Separate	
	December 31, 2016	December 31, 2017	December 31, 2016
Trade and other current receivables			
- Trade accounts receivable	216,209,784	226,394,821	216,209,784
- Other current receivable	51,017,021	19,378,253	51,017,021
<b>Total trade and other current receivables</b>	<b>267,226,805</b>	<b>245,773,074</b>	<b>267,226,805</b>

The Company has trade accounts receivable were classified by aging as follows:

	(Unit : Baht)		
	Consolidated	Separate	
	December 31, 2016	December 31, 2017	December 31, 2016
<u>Domestic trade accounts receivable</u>			
Trade accounts receivable within credit term	111,139,059	125,634,392	111,139,059
Aging of trade accounts receivable :-			
Less than 3 months	49,290,860	43,526,956	49,290,860
Over 3 months to 6 months	98,584	-	98,584
Over 6 months to 9 months	-	-	-
Over 9 months	895,916	-	895,916
Total	161,424,419	169,161,348	161,424,419
<u>Foreign trade accounts receivable</u>			
Trade accounts receivable within credit term	34,861,173	31,960,053	34,861,173
Aging of trade accounts receivable :-			
Less than 3 months	11,386,946	8,174,804	11,386,946
Over 3 months to 6 months	-	-	-
Over 6 months to 9 months	936	-	936
Over 9 months	-	-	-
Total	46,249,055	40,134,857	46,249,055
Notes receivable	9,432,226	17,098,616	9,432,226
<u>Less allowance for doubtful accounts</u>	(895,916)	-	(895,916)
Net	216,209,784	226,394,821	216,209,784

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Allowance for doubtful accounts is changed during the years as follows :-

	(Unit : Baht)		
	Consolidated	Separate	
	December 31, 2016	December 31, 2017	December 31, 2016
Beginning balance	895,916	895,916	895,916
Increase	-	-	-
Decrease	-	(895,916)	-
Ending balance	<u>895,916</u>	<u>-</u>	<u>895,916</u>

On September 22,2014, the Court of First Instance has the final Judgment. The debtor has no name as ownership of any property to be seized or attached to enforce the debt. Therefore, the Company has amortized bad debt written off from the account since the date of this report.

**7. INVENTORIES - Net**

Consist of :-

	(Unit : Baht)		
	Consolidated	Separate	
	December 31, 2016	December 31, 2017	December 31, 2016
Finished goods	92,616,553	84,570,447	92,616,553
Work in process	8,900,361	12,819,470	8,900,361
Raw materials	119,577,012	89,059,032	119,577,012
Packaging	6,024,836	5,702,065	6,024,836
Raw materials in transit	54,855	16,045,184	54,855
Total	<u>227,173,617</u>	<u>208,196,198</u>	<u>227,173,617</u>
<u>Less</u> Allowance for obsolete/damage inventories	<u>(3,028,271)</u>	<u>(4,800,356)</u>	<u>(3,028,271)</u>
Net	<u>224,145,346</u>	<u>203,395,842</u>	<u>224,145,346</u>

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

	(Unit : Baht)		
	Consolidated	Separate	
	December 31, 2016	December 31, 2017	December 31, 2016
Beginning balance	7,039,808	3,028,271	7,039,808
Increase	-	1,772,085	-
Decrease	(4,011,537)	-	(4,011,537)
Ending balance	<u>3,028,271</u>	<u>4,800,356</u>	<u>3,028,271</u>

**8. ADVANCE FOR INVESTMENT – Net**

	(Unit : Baht)		
	Consolidated	Separate	
	December 31, 2016	December 31, 2017	December 31, 2016
Advance for investment	45,593,886	45,593,886	45,593,886
<u>Less</u> Allowance for doubtful accounts	<u>(45,593,886)</u>	<u>(45,593,886)</u>	<u>(45,593,886)</u>
Net	<u>-</u>	<u>-</u>	<u>-</u>

As required by the expansion of the manufacturing base to foreign country, the Company has to establish joint venture with local investor in foreign country. To start with the project, the Company had made cash advance for the purchase of land in the preparation for the site for the construction of the plant. However, before the construction of the plant, there was a dispute among the joint venture investors. The Company therefore, negotiated and took a litigation to claim for the refund of cash advance because of the breach of the investment agreement. The Company had already made full provision for non refund of the cash advance.

Subsequently, the Company hired a local legal advisory firm in the foreign country to replace the former legal firm to follow up the progress of the claim, and realized the fact that the joint venture entity referred to above had already registered its juristic entity. The cash advance of the Company had already been considered as the payment for capital and used for the purchase of land in the name of the joint venture entity. However, such joint venture entity had been declared as bankrupt entity by the local court in the foreign country. Such entity is in the process of liquidation.

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**9. RESTRICTED BANK DEPOSITS**

As at December 31, 2017 the restricted bank deposits of Baht 1 million are bank deposits that the Company have placed with banks to secure letters of guarantees for Customs Department (see Note 26.1).

**10. INVESTMENTS IN SUBSIDIARY COMPANIES**

Investments in subsidiary companies which recorded by the cost method in the separate financial statements as at December 31, 2016 consist of:

Company name	Country of business	Type of business	(Thousand Baht)	(Percent)	(Thousand Baht)
			Paid up capital	Percentage of holding	Cost method
			December 31, 2016	December 31, 2016	December 31, 2016
TFI Trading Co., Ltd.	Thailand	Renewable energy	4,000	99.99	4,000
<u>Less</u> Allowance for impairment of investment					(4,000)
Net					-

The Extraordinary Shareholder's Meeting No.1/2017 of TFI Trading Co.,Ltd, held on September 5,2017 passed the resolution to liquidate the subsidiary. On November 23, 2560, all subsidiaries registered the liquidation with the Ministry of Commerce (see Note 4).

**11. INVESTMENTS IN ASSOCIATED COMPANIES UNDER ABSOLUTE ORDER CONTROL OF PROPERTY**

**- NET**

Investments in associated companies in the separate financial statements as at December 31, 2017 and 2016 consist of:

Company name	Country of business	Type of business	(Million Baht)		(Percent)		(Million Baht)	
			December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Thai Copper Industries Pcl.	Thailand	Pure Copper	8,010	8,010	18.96	18.96	1,518.98	1,518.98
<u>Less</u> Allowance for impairment of investment							(1,518.98)	(1,518.98)
Net							-	-

**Thai Copper Industries Pcl. - TCI**

The Company has ceased to calculate the equity loss in Thai Copper Industries Pcl. because such associated company has lack in working capital and TCI stopped its operation and lay-off its employees. The Company's equity recognised equally to their investment (zero). In the cost method, the Company set up an allowance for impairment of the investment in full (Baht 1,519 million).

On March 22, 2016, the Central Bankruptcy Court issued absolute receivership order and later on January 18,2017, the Central Bankruptcy Court sentenced the associate company to bankruptcy.

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The latest significant financial data of TCI submitted to Ministry of Commerce are as follows :-

	(Unit : Million Baht)
	As at December 31, 2007
	“Audited”
Total assets*	23,937
Total liabilities	20,684
Total equity*	3,253

\*If TCI had recorded revaluation of assets based on the appraisal report of independent appraiser dated September 28, 2007, total assets and total equity would be decreased by approximately Baht 12,530 million.

Up to present TCI has not yet operated, therefore the mentioned company did not prepare the interim financial statements and the financial statements since year 2009, and did not obtain the audited financial statements for the year 2008.

However the management of the Company believes that there is no any effects to the book value of investment as it states at zero amount.

Net book value of investment in associated company in which the equity method is applied is zero. The financial statements in which the equity method is applied for the years ended December 31, 2017 and 2016, present the same amount and presentation as the separate financial statements for the same period.

**12. OTHER LONG-TERM INVESTMENTS-RELATED COMPANIES– Net**

Consist of :-

Company name	Country of business	Type of business	Paid – up capital	Consolidated		Consolidated	
				Separate	/ Separate	Separate	/ Separate
				Percentage of Investments		Value of Investment (Unit : Thousand Baht)	
				December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Thai Film Bangladesh Co., Ltd. (Bangladesh Taka currency)	Bangladesh	Packaging Film	Taka 112 million	53.57	53.57	37,487	37,487
<u>Less</u> Allowance for impairment of investment						(37,487)	(37,487)
Net						-	-

**13. LAND USED IN OPERATION – AT APPRAISAL VALUE**

As at December 31, 2017 and 2016, land used in operation was re-appraised according to the report of independent appraiser (K.K. Valuation Co., Ltd.) at market approach value date January 6 and 11, 2016 which appraisal date was December 28 - 29, 2015.

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**14. PLANT AND EQUIPMENT USED IN OPERATION – Net**

Consist of :-

	(Unit : Baht)							
	Separate							
	Buildings and improvements	Machineries	Equipment and tools	Furnitures, fixtures and office equipments	Vehicles	Spare parts and supplies	Machinery and Equipment Under installation	Total
<b>Cost</b>								
As at December 31, 2016	453,199,913	3,355,434,578	119,029,258	29,143,539	20,530,519	129,637,003	75,000	4,107,049,810
Purchase	-	-	1,860,632	640,438	-	12,545,706	3,684,455	18,731,231
Transferred to unused assets	-	(660,423,600)	-	-	-	-	-	(660,423,600)
Transfer in (out)	-	-	-	-	-	1,800,000	(1,800,000)	-
Amortized	-	(697,099)	(872,495)	(341,443)	-	(14,221,880)	-	(16,132,917)
As at December 31, 2017	<u>453,199,913</u>	<u>2,694,313,879</u>	<u>120,017,395</u>	<u>29,442,534</u>	<u>20,530,519</u>	<u>129,760,829</u>	<u>1,959,455</u>	<u>3,449,224,524</u>
<b>Accumulated Depreciation</b>								
As at December 31, 2016	(339,981,410)	(2,608,895,056)	(103,775,504)	(25,616,000)	(20,255,195)	(14,195,169)	-	(3,112,718,334)
Depreciation for the year	(8,236,280)	(68,951,630)	(4,076,475)	(1,409,559)	(65,421)	(17,078,794)	-	(99,818,159)
Transferred to unused assets	-	417,695,567	-	-	-	-	-	417,695,567
Amortized	-	672,776	863,448	335,658	-	14,190,524	-	16,062,406
As at December 31, 2017	<u>(348,217,690)</u>	<u>(2,259,478,343)</u>	<u>(106,988,531)</u>	<u>(26,689,901)</u>	<u>(20,320,616)</u>	<u>(17,083,439)</u>	<u>-</u>	<u>(2,778,778,520)</u>

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(Unit : Baht)

	Separate							Total
	Buildings and improvements	Machineries	Equipment and tools	Furnitures, fixtures and office equipments	Vehicles	Spare parts and supplies	Machinery and Equipment Under installation	
<b>Allowance for impairment</b>								
As at December 31, 2016	-	-	-	-	-	(5,072,467)	-	(5,072,467)
(Increase) / Decrease	-	-	-	-	-	(281,452)	-	(281,452)
As at December 31, 2017	-	-	-	-	-	(5,353,919)	-	(5,353,919)
<b>Net book value</b>								
As at December 31, 2016	113,218,503	746,539,522	15,253,754	3,527,539	275,324	110,369,367	75,000	989,259,009
As at December 31, 2017	104,982,223	434,835,536	13,028,864	2,752,633	209,903	107,323,471	1,959,455	665,092,085
<b>Depreciation in the statement of comprehensive income</b>								
December 31, 2016	8,258,843	72,581,563	3,223,193	1,628,045	51,799	15,598,134	-	101,341,577
December 31, 2017	8,236,280	68,951,630	4,076,475	1,409,559	65,421	17,078,794	-	99,818,159

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(Unit : Baht)

	Consolidated /Separate							Total
	Buildings and improvements	Machineries	Equipment and tools	Furnitures, fixtures and office equipments	Vehicles	Spare parts and supplies	Machinery and Equipment Under installation	
<b>Cost</b>								
As at December 31, 2015	453,199,913	3,355,434,578	112,033,630	29,606,062	24,653,978	134,574,924	-	4,109,503,085
Purchase	-	-	1,058,947	369,530	327,103	13,424,694	6,707,335	21,887,609
Disposals	-	-	(46,729)	-	(4,450,562)	-	-	(4,497,291)
Transfer in (out)	-	-	6,632,335	-	-	(6,790)	(6,632,335)	(6,790)
Amortized	-	-	(648,925)	(832,053)	-	(18,355,825)	-	(19,836,803)
As at December 31, 2016	453,199,913	3,355,434,578	119,029,258	29,143,539	20,530,519	129,637,003	75,000	4,107,049,810
<b>Accumulated Depreciation</b>								
As at December 31, 2015	(331,722,567)	(2,536,313,493)	(101,205,538)	(24,817,495)	(24,653,948)	(16,942,002)	-	(3,035,655,043)
Depreciation for the year	(8,258,843)	(72,581,563)	(3,223,193)	(1,628,045)	(51,799)	(15,598,134)	-	(101,341,577)
Disposal	-	-	4,327	-	4,450,552	-	-	4,454,879
Amortized	-	-	648,900	829,540	-	18,344,967	-	19,823,407
As at December 31, 2016	(339,981,410)	(2,608,895,056)	(103,775,504)	(25,616,000)	(20,255,195)	(14,195,169)	-	(3,112,718,334)



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(Unit : Baht)

	Consolidated /Separate							Total
	Buildings and improvements	Machineries	Equipment and tools	Furnitures, fixtures and office equipments	Vehicles	Spare parts and supplies	Machinery and Equipment Under installation	
<b>Allowance for impairment</b>								
As at December 31, 2015	-	-	-	-	-	(397,582)	-	(397,582)
(Increase) / Decrease	-	-	-	-	-	(4,674,885)	-	(4,674,885)
As at December 31, 2016	-	-	-	-	-	(5,072,467)	-	(5,072,467)
<b>Net book value</b>								
As at December 31, 2015	121,477,346	819,121,085	10,828,092	4,788,567	30	117,235,340	-	1,073,450,460
As at December 31, 2016	113,218,503	746,539,522	15,253,754	3,527,539	275,324	110,369,367	75,000	989,259,009
<b>Depreciation in the statement of comprehensive income</b>								
December 31, 2015	8,236,280	77,467,462	2,641,172	1,686,800	-	19,459,890	-	109,491,604
December 31, 2016	8,258,843	72,581,563	3,223,193	1,628,045	51,799	15,598,134	-	101,341,577

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In the consolidated financial statements, depreciation for years ended December 31, 2016, amounted to Baht 58.33 million, are included in cost of sales, and Baht 43.02 million, are included in selling and administrative expenses.

In the separate financial statement, depreciation for the years ended December 31, 2017 and 2016, amounted to Baht 39.57 million and Baht 58.33 million, respectively, are included in cost of sales, and Baht 60.25 million and Baht 43.02 million, respectively, are included in selling and administrative expenses.

As at December 31, 2017 and 2016, the Company has building, machineries and equipment at book value that fully depreciated but still in use at Baht 77.93 million and Baht 36.22 million, respectively.

**15. ROPERTY, PLANT AND EQUIPMENT NOT USED IN OPERATION – Net**

Consist of :-

	(Unit : Baht)		
	Land	Separate Machineries and others	Total
<b>Cost :</b>			
As at December 31, 2016	74,005,000	817,709,989	891,714,989
Transfer in (out)	-	660,423,600	660,423,600
Amortized	-	(730,000)	(730,000)
As at December 31, 2017	74,005,000	1,477,403,589	1,551,408,589
<b>Accumulated Depreciation:</b>			
As at December 31, 2016	-	(758,074,882)	(758,074,882)
Depreciation for the year	-	(1,356,263)	(1,356,263)
Transfer in (out)	-	(417,695,567)	(417,695,567)
Amortized	-	582,699	582,699
As at December 31, 2017	-	(1,176,544,013)	(1,176,544,013)
<b>Allowance for impairment:</b>			
As at December 31, 2016	(35,055,000)	(37,892,199)	(72,947,199)
As at December 31, 2017	(35,055,000)	(37,892,199)	(72,947,199)
<b>Net book value :</b>			
As at December 31, 2016	38,950,000	21,742,908	60,692,908
As at December 31, 2017	38,950,000	262,967,377	301,917,377
<b>Depreciation in the statement of comprehensive income:</b>			
December 31, 2016	-	1,377,467	1,377,467
December 31, 2017	-	1,356,263	1,356,263

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	(Unit : Baht)		
	Consolidated/Separate		
	Land	Machineries and others	Total
<b>Cost :</b>			
As at December 31, 2015	74,005,000	817,709,989	891,714,989
As at December 31, 2016	74,005,000	817,709,989	891,714,989
<b>Accumulated Depreciation:</b>			
As at December 31, 2015	-	(756,697,415)	(756,697,415)
Depreciation for the year	-	(1,377,467)	(1,377,467)
As at December 31, 2016	-	(758,074,882)	(758,074,882)
<b>Allowance for impairment:</b>			
As at December 31, 2015	(35,055,000)	(37,892,199)	(72,947,199)
As at December 31, 2016	(35,055,000)	(37,892,199)	(72,947,199)
<b>Net book value :</b>			
As at December 31, 2015	38,950,000	23,120,375	62,070,375
As at December 31, 2016	38,950,000	21,742,908	60,692,908
<b>Depreciation in the statement of comprehensive income:</b>			
December 31, 2015	-	1,987,338	1,987,338
December 31, 2016	-	1,377,467	1,377,467

As at December 31, 2017 the lands and machineries not used in operation, which cost of Baht 74 million and Baht 1,477 million, respectively, were re-appraised according to reports of independent appraiser (K.K. Valuation Co., Ltd. and UK Valuations and Agency Co., Ltd., respectively) date January 6, 2016 (for land) and date December 30, 2015 (for machineries) which appraisal date was December 28, 2015 (for land) and December 29, 2015 (for machineries). That using market value method and net replacement cost method, respectively. And allowance for impairment of such lands and machineries were amount of Baht 35.05 million and Baht 37.89 million, respectively.

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**16. BANK OVERDRAFTS AND SHORT-TERM LOANS DUE TO FINANCIAL INSTITUTIONS**

Consist of :-

	(Unit : Baht)		
	Consolidated	Separate	
	December 31, 2016	December 31, 2017	December 31, 2016
Bank overdrafts	26,106,693	24,086,690	26,106,693
Packing credits	19,351,000	-	19,351,000
Liabilities under trust receipts	407,045,268	-	407,045,268
Promissory notes	387,981,850	-	387,981,850
Bill of exchange	143,142,118	-	143,142,118
Total	<u>983,626,929</u>	<u>24,086,690</u>	<u>983,626,929</u>

As at December 31, 2017 and 2016, 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 :-

Currency	December 31, 2017	(Unit : Million)		
		Bank charge and Interest rate Per annum	Bank charge and Interest rate Per annum	
		December 31, 2016		
Baht	885	2.00 – 8.620	1,040	2.00 – 8.620

Furthermore, as at December 31, 2016, the Company issued notes payable to a securities company of Baht 145 million, interest at 5.5% p.a.

	(Unit : Baht)		
	Consolidated	Separate	
	December 31, 2016	December 31, 2017	December 31, 2016
Bill of exchange	145,000,000	-	145,000,000
Less prepaid interest	(1,857,882)	-	(1,857,882)
Total	<u>143,142,118</u>	<u>-</u>	<u>143,142,118</u>



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		(Unit : Baht)	
		Separate	Consolidated/ Separate
		As at December 31, 2017	As at December 31, 2016
Interest rate Per annum			
17.2 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).	MLR	-	13,222,687
<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>			
17.3 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	-	50,000,000
Total		-	130,591,796
<u>Less</u> Current Portion of Long - Term Loans		-	(130,591,796)
Net		-	-

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As at December 31, 2017 and 2016, interest rates of long term loans at MLR per annum.

The aforesaid loans including credit facilities from the banks as mentioned in Note 16 and Note 18 are pledged by :-

- a) The Company's land and machinery as at December 31, 2017 and 2016 totaling Baht 1,004.17 million and Baht 1,068.57 million, respectively.
- b) New equipment or supplies for machineries acquired to replace the mortgaged assets shall be determined as related mortgaged assets.

**18. LOANS UNDER DEBT RESTRUCTURING AGREEMENT**

Loans under debt restructuring agreements as at December 31, 2017, consisted of :

	(Unit : Baht)
	Separate
	December 31, 2017
Loans under debt restructuring agreements	1,170,450,646
<u>Less: Current-portion due within one year</u>	(892,465,681)
	277,984,965

On December 28, 2017, the Company signed a debt restructuring agreement with a commercial bank covering long-term loan and short-term loan. The Company agreed to modify the terms of the remaining debts as follows:

Long-term loan

1. Reduction of interest rate from 18% to MLR.
2. The Company agree to settle remaining debts and accrued interest totaling Baht 110.72 million within 18 months in 6 installments for principal and 18 installments for interest, starting from December 2017 to May 2019.
3. The Bank will waive accrued interest amounting to Baht 22.77 million when the Company completely settle debts under the agreement.

Short-term loan

1. Reduction of interest rate from 18% to normal rate under contract.
2. The Company agree to settle remaining debts and accrued interest totaling Baht 948.69 million as follows:
  - 2.1 Repayment of principal within 24 months starting from December 2017 to December 2019
  - 2.2 Repayment of interest within 36 months (12 months free of charge), starting from January 2019 to December 2020
3. The Bank will waive accrued interest amounting to Baht 116.57 million when the Company completely settle debts under the agreement.

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In case that the Company can comply with all conditions of loans, the Company has estimated amounts to be paid in future lower than amounts recorded of Baht 108.13 million as at the date of debt restructuring. However, the Company have not yet realized such profit from debt restructuring until all conditions are completely fulfilled.

**19. DEFERRED TAX LIABILITIES**

As at December 31, 2017 and 2016, the components of deferred tax liabilities are as follows:

	(Unit : Baht)		
	Consolidated	Separate	
	December 31, 2016	December 31, 2017	December 31, 2016
Amortization Expenses	1,748,951	1,551,855	1,748,951
Plant and equipment	98,556,356	99,393,650	98,556,356
Capital surplus from land revaluation	47,457,969	47,457,969	47,457,969
<b>Total</b>	<b>147,763,276</b>	<b>148,403,474</b>	<b>147,763,276</b>

Movements in total deferred tax assets and liabilities during the year were as follows:

	(Unit : Thousand Baht)				
	Separate				
	Charged / (credited) to:				
January 1, 2017	Other comprehensive (Profit) or loss	Other comprehensive income	Equity	December 31, 2017	
<i>Deferred tax liabilities</i>					
Amortization Expenses	1,749	(197)	-	-	1,552
Plant and equipment	98,556	837	-	-	99,393
Capital surplus from land revaluation	47,458	-	-	-	47,458
<b>Total</b>	<b>147,763</b>	<b>640</b>	<b>-</b>	<b>-</b>	<b>148,403</b>



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(Unit : Thousand Baht)

	Consolidated / Separate				December 31, 2016
	Charged / (credited) to:				
	January 1, 2016	Other comprehensive (Profit) or loss	income	Equity	
<i>Deferred tax liabilities</i>					
Amortization Expenses	1,872	(123)	-	-	1,749
Plant and equipment	97,128	1,428	-	-	98,556
Capital surplus from land revaluation	47,458	-	-	-	47,458
<b>Total</b>	<b>146,458</b>	<b>1,305</b>	<b>-</b>	<b>-</b>	<b>147,763</b>

As at December 31, 2017 and 2016, the Company did not recognise deferred tax assets on some deductible temporary differences and unused tax losses totaling Baht 699.54 million and Baht 654.20 million respectively. A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized as follows:

	(Unit : Baht)		
	Consolidated	Separate	
	December 31, 2016	December 31, 2017	December 31, 2016
Provision for impairment of investment loan receivable and accrued interest receivable	330,696,199	328,405,463	330,696,199
Provision for impairment of fixed asset	15,603,933	15,660,224	15,603,933
Provision for employees benefits	7,036,890	5,802,795	7,036,890
Provision for impairment of other asset	2,898,799	1,455,093	2,898,799
Loss carry forward	297,964,762	348,220,693	297,964,762
<b>Total</b>	<b>654,200,583</b>	<b>699,544,268</b>	<b>654,200,583</b>

The tax losses will be expired in 2017-2022. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because the Company had loss carry forward.

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**20. PROVISIONS FOR EMPLOYEE BENEFITS**

An independent actuary carried out an evaluation of the Company's obligations for employees' long-term benefits using the projected unit credit method. The Company has provided the provision for employees' long-term benefits as follows:

	(Unit : Baht)		
	Consolidated	Separate	
	December 31, 2016	December 31, 2017	December 31, 2016
Provision for employee benefits - beginning	39,617,699	35,184,448	39,617,699
<u>Add</u> recognised amount	6,972,211	7,465,921	6,972,211
<u>Less</u> liability decrease from actual paid	(2,577,800)	(1,692,490)	(2,577,800)
Actuarial gains in other comprehensive income	(8,827,662)	(11,943,904)	(8,827,662)
Provision for employee benefits - ending	<u>35,184,448</u>	<u>29,013,975</u>	<u>35,184,448</u>
Present value of unfunded obligation as at December 31	<u>35,184,448</u>	<u>29,013,975</u>	<u>35,184,448</u>

Provision for employee benefit expenses included in the statements of comprehensive income for the years ended December 31, 2017 and 2016 were as follows:

	(Unit : Baht)		
	Consolidated	Separate	
	December 31, 2016	December 31, 2017	December 31, 2016
<b>Recognised in profit or loss:</b>			
Current service cost	6,289,418	6,671,614	6,289,418
Interest cost	682,793	794,307	682,793
Total	<u>6,972,211</u>	<u>7,465,921</u>	<u>6,972,211</u>
<b>Recognised in other comprehensive income:</b>			
Actuarial gains recognised in the year	<u>(8,827,662)</u>	<u>(11,943,904)</u>	<u>(8,827,662)</u>

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Principal actuarial assumptions (Actuarial basis)

	Separate	Consolidated / Separate
	As at December	As at December
	31, 2017	31, 2016
Discount rate (%)	2.49	2.35
Future salary increases (%)	2	3
Retirement age (year old)	60	55

**21. OTHER INCOME**

For the years ended December 31, 2017 and 2016 details of financial information shown other income consist of:-

	(Unit: Baht)			
	Consolidated		Separate	
	2017	2016	2017	2016
Gain on exchange rate	11,360,875	4,917,817	11,360,875	4,917,817
Interest income	234,695	179,896	232,673	534,778
Gain from disposal of assets	-	1,444,691	-	1,444,691
Revenue from raw materials sales	19,667,870	6,463,259	19,667,870	6,463,259
Other income	13,120,529	6,170,080	13,120,529	6,170,079
<b>Total</b>	<b>44,383,969</b>	<b>19,175,743</b>	<b>44,381,947</b>	<b>19,530,624</b>

**22. INCOME TAX**

Income tax (expenses) revenue for the year ended December 31, 2017 and 2016 are made up as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	2017	2016	2017	2016
<b>Current Income tax:</b>				
Income tax	-	-	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(640,198)	(1,305,637)	(640,198)	(1,305,637)
<b>Income tax (expense) revenue reported in the statements of comprehensive income</b>	<b>(640,198)</b>	<b>(1,305,637)</b>	<b>(640,198)</b>	<b>(1,305,637)</b>

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Income tax reduction

Revenue code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

**23. EARNINGS (LOSS) PER SHARE**

**Basic Earnings (Loss) per Share**

The calculation of basic earnings (loss) per share of the consolidated and separate financial statements for the years ended December 31, 2017 and 2016 was based on the profit (loss) for the periods attributable to equity holders of the Company and weighted average number of ordinary shares (Basic) issued during for the years ended December 31, 2017 and 2016.

Net Profit (loss) for the years

	(Unit : Million Baht)			
	Consolidated		Separate	
	2017	2016	2017	2016
For the years ended December 31,	(264)	(132)	(264)	(145)

Weighted average number of ordinary shares (Basic)

	(Unit : Million Shares)			
	Consolidated		Separate	
	2017	2016	2017	2016
Number of ordinary shares outstanding at the beginning of the years	2,047	2,047	2,047	2,047
Effect of ordinary shares issued during the years	-	-	-	-
<b>Weighted average number of ordinary shares outstanding during the years (Basic)</b>	<b>2,047</b>	<b>2,047</b>	<b>2,047</b>	<b>2,047</b>
<b>Basic earnings (loss) per share from continuing operations (Unit : Baht)</b>	<b>(0.129)</b>	<b>(0.064)</b>	<b>(0.129)</b>	<b>(0.071)</b>

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**24. DISCLOSURE OF SEGMENT BUSINESS OPERATION**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The one main reportable operating segment of the Company is engaged in mainly in manufacturing of packaging film, and the several geographical regions area of their operations is Thailand , Asia, Europe, America and other. For the year ended December 31, 2017 and 2016 details of financial information shown separately by geographical are as follows :-

	(Unit : Million Baht)			
	Consolidated		Separate	
	2017	2016	2017	2016
Revenue from sales - Local	1,213	1,189	1,213	1,189
Revenue from sales - Foreign				
Asia	243	452	243	452
Europe	54	69	54	69
American	22	30	22	30
Other	165	181	165	181
<b>Total</b>	<b>1,697</b>	<b>1,921</b>	<b>1,697</b>	<b>1,921</b>

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**25. EXPENSES BY NATURE**

For the years ended December 31, 2017 and 2016 details of significant expenses by nature are as follows :-

	(Unit : Baht)			
	Consolidated		Separate	
	2017	2016	2017	2016
Salary and wages and other employee benefits	187,783,587	204,143,866	187,783,587	204,143,866
Depreciation	101,174,422	102,719,044	101,174,422	102,719,044
Amortization	16,003,714	20,653,049	16,003,714	20,653,049
Shut down expenses	98,382,958	89,860,007	98,382,958	89,860,007
Raw materials and consumables used	1,297,032,240	1,359,135,827	1,297,032,240	1,359,135,827
Changes in inventories of finished goods and work in process	4,773,147	27,990,230	4,773,147	27,990,230
Loss on written-off assets and supplies	217,812	20,186	217,812	20,186
Loss on impairment of spare parts supplies and raw materials	1,126,942	6,304,658	1,126,942	6,304,658
Unclaimed withholding tax	385,756	1,890,883	385,756	1,890,701
Impairment - investment in subsidiaries	-	-	-	3,999,600
Allowance for loan receivable and accrued interest				
receivable to subsidiaries	-	-	-	9,454,080
Impairment – investment in other company	2,000,000	-	2,000,000	-
Bad Debt	1,358,533	-	14,109,611	-
Impairment – investment in other company (reverse)	-	-	(3,999,600)	-
Allowance for loan receivable and accrued interest				
receivable to subsidiaries (reverse)	-	-	(9,454,080)	-

**26. COMMITMENTS AND CONTINGENT LIABILITIES**

As at December 31, 2017 in addition to the liabilities reflected in the statements of financial position, Thai Film Industries Public Company Limited still have of obligations and contingent liabilities as follows:

- 26.1 Had outstanding bank guarantees issued on behalf of the Company and for which it is contingently liabilities to the Customs Department amounting to approximately Baht 0.03 million. The Company used fixed deposit as collateral for amount of Baht 1 million. (See note 9.)
- 26.2 Had unused letters of credit, liabilities under trust receipts and promissory notes in amount of approximately Baht 27 million.

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26.3 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 34.80 million.

26.4 (1) 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. On November 29, 2016, the court dismissed the company. On January 26, 2017, the plaintiff has filed an appeal and on March 24, 2017, the Company has filed an appeal. The court has orders to accept and appeals and objections to suspension of enforcement with bank. The Court of appeal will appoint the date for judgment on November 21, 2017. The Court of Appeal ruled that the agreement has not been suspended and the Company is only liable for the pledge, but not more than baht 600 million. At present, this case is in process of Supreme Court.

(2) On September 30, 2009, the Company was sued by the same bank as the third defendant under contractual pledge the same issue with the lawsuit case (1) in the Central Intellectual Property and International Trade Court. On June 22, 2017, the Central Intellectual Property and International Trade Court sentenced the Company jointly to repay Baht 902.3 million with interest at the rate of 7.5% per annum of the principal of Baht 600 million since the date of sue up to the date of completed payment. On September 20, 2017, the Company filed an appeal with the Court. At the present, the Court of appeal is considering.

In both cases, the Company is a defendant under the share pledge agreement of Baht 600 million. The Company's lawyer has opinion that the pledging of shares as collateral for a period of four years had ended. If the Company is liable, the Company is liable only for the amount from the pledge assets auction and not over Baht 600 million, At present, the Bankruptcy Court sentenced the associate company to bankruptcy, and the shares of an associate company have no value, thus there is no impact on the company's reimbursement.

## **27. 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.

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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, 2017 and 2016, the Company possessed material assets and liabilities in foreign currencies as follows:-

		(Unit : Thousand)	
	Foreign Currency	December 31, 2017	December 31, 2016
Assets	US Dollar	865	925
	EURO	246	203
	YEN	-	-
	GBP	-	68
Liabilities	US Dollar	3,380	2,059
	EURO	6	14
	YEN	21	7
	GBP	-	4

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.



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**28. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT**

According to the financial reporting standards that require fair value measurements, the Company base on market value in measuring the fair value of assets and liabilities. To the extent of which absence of market liquidity or lack of the bidding price on the market with liquidity, the Company will apply cost or replacement value method to measure the value of assets and liabilities instead.

As at December 31, 2017 and 2016, the Company stated the lands used in operation at the fair value of Baht 475 million which based on market valuation method (level 2).

**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, 2016, debt to equity ratio in the consolidated financial statement is 2.34 : 1.00, (the separate financial statements as at December 31, 2017 and 2016, debt to equity ratio is 4.11 :1.00 and 2.34:1.00, respectively).

**30. GOING CONCERN**

As at December 31, 2017, The Company has shareholders' equity amounting to Baht 395.31 million, excluded the contingently liabilities on the sued case in Note 26.4 (2) which the Central Intellectual Property and International Trade Court sentenced the Company jointly to repay Baht 902.3 million with interest at the rate of 7.5% per annum of the principal of Baht 600 million since the date of sue up to the date of completed payment. Due to the Company disagree with the judgement sentence in the Contral Intellectual Property and International Trade Court, if the Company is liable , the Company is liable only for enforceable pledge, not exceeding baht 600 million, according to the judgement of the Court of Appeal. At present, the shares of an associate company have no value in Note.26.4 (1) along with the company's lawyers gives opinion that the Company is not take an responsible in the end. The Company's ability to continue its operation as a going concern will depend on the results of the case in the Appeal Court and Supreme Court which it will takes longer time. So, the consolidated financial statements and the Company's financial statements have been prepared assuming that the Company will continue its operations as a going concern. Accordingly, they do not include any adjustments relating to the recoverability of the carrying value and classification of the assets or the amount and classification of liabilities.

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**31. THAI FINANCIAL REPORTING STANDARD (TFRS) NOT YET ADOPTED**

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing the financial statements. Those new and revised TFRS that may be relevant to the Bank and its subsidiaries' operations, which become effective for annual financial periods beginning on or after 1 January 2018, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic
TAS 7 (revised 2017)	Statement of Cash Flows
TAS 12 (revised 2017)	Income Tax
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities

The Group has made a preliminary assessment of the potential initial impact on the consolidated and the Bank only financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

**32. APPROVAL OF FINANCIAL STATEMENTS**

Board of Directors of the Thai Film Industries Public Company Limited has approved these financial statements on February 15, 2018.