

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED  
AND IT'S SUBSIDIARIES  
INTERIM FINANCIAL REPORTING  
FOR THE THREE-MONTH PERIOD  
ENDED MARCH 31, 2018  
AND REVIEW REPORT OF INDEPENDENT'S AUDITOR**

## **Independent Auditor's Report on Review of Interim Financial**

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

I have reviewed accompanying separate statements of financial position as at March 31, 2018, the separate statements of comprehensive income, changes in equity and cash flows for the three-month period ended March 31, 2018, and condensed notes ("Interim financial information") of Thai Film Industries Public Company Limited. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

I conducted my review in accordance with the Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **Bases for Disclaimer of Conclusion**

(a) As discussed in Note 18.4 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.

(b) As discussed in Note 22 to the financial statements, as at March 31, 2018, the Company has shareholders' equity amounting to Baht 383.14 million, excluded the contingently liabilities on the sued case in Note 18.4 (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.

#### **Disclaimer of Conclusion**

Because of the significant uncertainties and matters described in the Bases for Disclaimer of Conclusion paragraph could have material effects on the going concern of the Company and could have pervasive effects to its interim financial information as a whole, I was unable to reach a conclusion on a result of my review on the interim financial information.

#### **Other matters**

The separate statements of financial position for the year ended 31 December 2017, of Thai Film Industries Public Company Limited, presented herewith for comparative purpose only, were audited by another auditor in my firm, whose report dated on February 15, 2018, expressed an disclaimer opinion.

Statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period ended March 31, 2017, of Thai Film Industries Public Company Limited and its subsidiaries, presented herewith for comparative purpose only, were reviewed by another auditor in my firm, and concluded an unqualifying in his report dated on May 11, 2017.

Mr.Jirote Sirirorote

Certified Public Accountant (Thailand) No. 5113

Karin Audit Company Limited

May 11, 2018

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

**STATEMENTS OF FINANCIAL POSITION**

**AS AT MARCH 31, 2018**

(Unit : Thousand Baht)

	Notes	Separate	
		March 31, 2018	December 31, 2017
		"UNAUDITED" "REVIEWED"	"AUDITED"
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		12,623	56,367
Trade and other current receivables - net	4	215,011	245,773
Inventories - net	5	227,479	203,396
Spare parts and supplies - net		56,183	55,544
Advance for Investment - net	6	-	-
Other current assets		6,721	7,759
<b>TOTAL CURRENT ASSETS</b>		<b>518,017</b>	<b>568,839</b>
<b>NON-CURRENT ASSETS</b>			
Restricted bank deposits	7	1,050	1,040
Investments in associated companies under absolute order control of property - net	8	-	-
Other long-term investments related companies - net	9	-	-
Loans receivable, advance payments - associated and related companies - net	3.1	-	-
Land used in operation - at appraised value	10	474,877	474,877
Plant and equipment used in operation - net	11	651,095	665,092
Property, plant and equipment not used in operation - net	12	293,522	301,917
Other non-current assets		6,988	6,841
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,427,532</b>	<b>1,449,767</b>
<b>TOTAL ASSETS</b>		<b>1,945,549</b>	<b>2,018,606</b>

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

**STATEMENTS OF FINANCIAL POSITION**

**AS AT MARCH 31, 2018**

(Unit : Thousand Baht)

	Notes	Separate	
		March 31, 2018	December 31, 2017
		"UNAUDITED" "REVIEWED"	"AUDITED"
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Bank overdrafts and short-term loans from financial institutions	13	130,424	24,087
Trade and other current payables - other	3.1	274,043	170,708
Short-term borrowings - Related companies	3.1	80,000	80,000
Current loans under debt restructuring agreements	14	654,612	892,466
Current provisions for employee benefits		190	2,175
Other current liabilities		1,812	629
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,141,081</b>	<b>1,170,065</b>
<b>NON-CURRENT LIABILITIES</b>			
Non-current loans under debt restructuring agreements	14	244,996	277,985
Deferred tax liabilities		148,317	148,403
Non-current provisions for employee benefit		28,013	26,839
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>421,326</b>	<b>453,227</b>
<b>TOTAL LIABILITIES</b>		<b>1,562,407</b>	<b>1,623,292</b>
<b>EQUITY</b>			
<b>SHARE CAPITAL</b>			
Authorized share capital			
2,661,750,000 ordinary shares : Baht 1 per share		2,661,750	2,661,750
Issued and paid-up share capital			
2,047,500,000 ordinary shares : Baht 1 per share		2,047,500	2,047,500
Discount on common shares		(88,750)	(88,750)
Retained earnings (Deficits) -Unappropriated		(1,765,440)	(1,753,268)
Other components of equity		189,832	189,832
<b>TOTAL EQUITY</b>		<b>383,142</b>	<b>395,314</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,945,549</b>	<b>2,018,606</b>

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 STATEMENTS OF COMPREHENSIVE INCOME  
 FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018

"UNAUDITED"  
 "REVIEWED"

(Unit : Thousand Baht)

	Notes	Consolidated			Separate	
		2017	2018	2017	2017	2017
Sales	17	453,051	420,121	453,051		
Costs of sales	3.2	(403,782)	(387,611)	(403,782)		
<b>Gross profit margin</b>		49,269	32,510	49,269		
Other income	15	12,240	15,345	12,240		
Distribution costs	3.2	(13,159)	(12,287)	(13,159)		
Administrative expenses	3.2	(49,445)	(44,034)	(49,406)		
Finance costs	3.2	(35,887)	(3,793)	(35,887)		
<b>Profit (loss) before income tax expense</b>		(36,982)	(12,259)	(36,943)		
Tax (expense) income		186	87	186		
<b>Profit (loss) for the periods</b>		(36,796)	(12,172)	(36,757)		
Other comprehensive income		-	-	-		
<b>Total comprehensive income (expense) for the periods</b>		(36,796)	(12,172)	(36,757)		
<b>Profit (loss) attributable to</b>						
Owners of parent		(36,796)	(12,172)	(36,757)		
Non-controlling Interests		-	-	-		
		(36,796)	(12,172)	(36,757)		
<b>Total comprehensive income (expense) attributable to</b>						
Owners of parent		(36,796)	(12,172)	(36,757)		
Non-controlling Interests		-	-	-		
		(36,796)	(12,172)	(36,757)		
<b>Basic earnings (loss) per share</b>						
Basic earnings (loss) per share from continuing operations	16	(0.018)	(0.006)	(0.018)		

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

"UNAUDITED"

STATEMENTS OF CHANGES IN EQUITY

"REVIEWED"

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018

(Unit : Thousand Baht)

Consolidated												
Equity attributable to owners of the parent												
Notes	Share capital issued and paid-up	Discount on share capital	Deficit			Other components of equity				Total equity attributable to owners of the parent	Non Controlling interests	Total
			Appropriated	Unappropriated	Total	Other comprehensive income			Total other components of equity			
						Capital surplus from land revaluation	Capital surplus from machinery revaluation	Total other comprehensive income				
<b>Balance as at January 1, 2017</b>	2,047,500	(88,750)	-	(1,500,483)	(1,500,483)	189,832	-	189,832	189,832	648,099	-	648,099
Total comprehensive income (expense) for the periods	-	-	-	(36,796)	(36,796)	-	-	-	-	(36,796)	-	(36,796)
<b>Ending balance as at March 31, 2017</b>	<u>2,047,500</u>	<u>(88,750)</u>	<u>-</u>	<u>(1,537,279)</u>	<u>(1,537,279)</u>	<u>189,832</u>	<u>-</u>	<u>189,832</u>	<u>189,832</u>	<u>611,303</u>	<u>-</u>	<u>611,303</u>

## THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018

"UNAUDITED"

"REVIEWED"

(Unit : Thousand Baht)

Notes	Separate									
	Share capital issued and paid-up	Discount on share capital	Deficit			Other components of equity			Total other components of equity	Total
			Appropriated	Unappropriated	Total	Other comprehensive income				
						Capital surplus from land revaluation	Capital surplus from machinery revaluation	Total other comprehensive income		
<b>Balance as at January 1, 2017</b>	2,047,500	(88,750)	-	(1,501,417)	(1,501,417)	189,832	-	189,832	189,832	647,165
Total comprehensive income (expense) for the periods	-	-	-	(36,757)	(36,757)	-	-	-	-	(36,757)
<b>Ending balance as at March 31, 2017</b>	<u>2,047,500</u>	<u>(88,750)</u>	<u>-</u>	<u>(1,538,174)</u>	<u>(1,538,174)</u>	<u>189,832</u>	<u>-</u>	<u>189,832</u>	<u>189,832</u>	<u>610,408</u>
<b>Balance as at January 1, 2018</b>	2,047,500	(88,750)	-	(1,753,268)	(1,753,268)	189,832	-	189,832	189,832	395,314
Total comprehensive income (expense) for the periods	-	-	-	(12,172)	(12,172)	-	-	-	-	(12,172)
<b>Ending balance as at March 31, 2018</b>	<u>2,047,500</u>	<u>(88,750)</u>	<u>-</u>	<u>(1,765,440)</u>	<u>(1,765,440)</u>	<u>189,832</u>	<u>-</u>	<u>189,832</u>	<u>189,832</u>	<u>383,142</u>



**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018**

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

(Unit : Thousand Baht)

	(Unit : Thousand Baht)		
	Consolidated	Separate	
	2017	2018	2017
<b>Cash flows from operating activities</b>			
Profit (loss) for the periods	(36,796)	(12,172)	(36,757)
Adjustments to reconcile profit (loss) for the periods to net cash			
Income tax expense (income)	(186)	(87)	(186)
(Increase) Decrease in Trade and other current receivables	(7,719)	30,700	(7,719)
(Increase) Decrease in Inventories	(49,384)	(24,356)	(49,384)
(Increase) Decrease in Spare parts and supplies	441	(639)	441
(Increase) Decrease in Other current assets	(2,467)	(2,569)	(2,467)
(Increase) Decrease in Non-current assets	(1,322)	(147)	(1,322)
Increase (Decrease) in Trade and other current payables	17,269	103,794	17,232
Increase (Decrease) in Provisions for employee benefits	(952)	(1,966)	(952)
Increase (Decrease) in Other current liabilities	8	1,182	8
(Reversal of) allowance for obsoleted stock	452	273	452
Depreciation	25,756	24,008	25,756
Amortization expenses	4,270	3,608	4,270
Provision for employee benefits	1,955	1,155	1,955
Unrealized (gain) loss on exchange rate	(1,166)	(909)	(1,166)
(gain) loss on sale off assets	-	(1,258)	-
Loss on written off assets	6	11	6
(Reversal of) loss on impairment of assets	-	(332)	-
Interest expenses	35,166	2,558	35,166
Interest incomes	(48)	(10)	(48)
Total adjustments to reconcile profit (loss) for the periods	22,079	135,016	22,042
<b>Net cash flows provided (used in) from operating activities</b>	<b>(14,717)</b>	<b>122,844</b>	<b>(14,715)</b>

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 STATEMENTS OF CASH FLOWS  
 FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018

"UNAUDITED"  
 "REVIEWED"

	(Unit : Thousand Baht)		
	Consolidated	Separate	
	2017	2018	2017
<b>Cash flows from investing activities</b>			
(Increase) Decrease in restricted bank deposits	(10)	(10)	(10)
Interest income received	10	10	10
Cash received from sales assets	-	3,046	-
Purchase of property, plant and equipment	(2,365)	(3,083)	(2,365)
<b>Net cash flows provided (used in) from investing activities</b>	<b>(2,365)</b>	<b>(37)</b>	<b>(2,365)</b>
<b>Cash flows from financing activities</b>			
Increase in bank overdrafts and short-term loans from financial Institutions	(77,234)	106,525	(77,234)
Increase (Decrease) current loans under debt restructuring agreements	-	(270,843)	-
Cash received from short-term borrowings - Related companies	80,000	-	80,000
Cash paid for interest expenses	(5,306)	(2,233)	(5,306)
<b>Net cash flows provided (used in) from financing activities</b>	<b>(2,540)</b>	<b>(166,551)</b>	<b>(2,540)</b>
<b>CASH AND CASH EQUIVALENTS INCREASE (DECREASE) - NET</b>	<b>(19,622)</b>	<b>(43,744)</b>	<b>(19,620)</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF PERIOD</b>	<b>72,690</b>	<b>56,367</b>	<b>71,604</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF PERIOD</b>	<b>53,068</b>	<b>12,623</b>	<b>51,984</b>
<b>Cash and cash equivalents</b>			
Consist of:			
Cash on hand	93	81	81
Cash at banks - current accounts	9,837	12,060	9,832
Cash at banks - savings accounts	43,138	482	42,071
	<b>53,068</b>	<b>12,623</b>	<b>51,984</b>

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018**

**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 KM.13, Bangchalong, Bangplee, Sumutprakarn.
- b) Factory : 327 Moo 8, Mabkha, Nakhomphattana District, Rayong.

**2. BASIS FOR INTERIM FINANCIAL STATEMENT PREPARATION AND PRINCIPLES OF CONSOLIDATION**

**2.1 Basis for interim financial statements preparation**

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 34: “Interim financial reporting”, whereby the Company chooses to present condensed interim financial statements. However, additional line items are presented in the financial statements to bring them into the full format similar to the annual financial statements.

The interim financial statements are prepared to provide information in addition to those included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances to avoid repetition of information previously reported. These interim financial statements should, therefore, be read in conjunction with the financial statements for the year ended 31 December 2017.

The interim financial statements are officially prepared in Thai language. The translation of these statutory financial statements to other language must conform to the Thai financial report.

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018**

**2.2 Principles of consolidation**

The consolidated financial statements include the financial statements of Thai Film Industries Public Company Limited and its subsidiary which are under its control with more than 50 percent voting rights as follows :

Company Name	Nature of Business	Percentage of Shareholding	
		31 March 2018 (%)	31 March 2017 (%)
<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

Significant transactions with subsidiary have been eliminated in the consolidated financial statements.

The consolidated financial statements have been prepared with the same accounting policies for the separate financial statements for the same accounting transactions or accounting events.

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.

**2.3 Functional and presentation currency**

The interim financial statements are prepared and presented in Thai Baht, which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded to the nearest thousand or million in the notes unless otherwise stated.

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018**

**2.4 Significant accounting policies**

These interim financial statements have been prepared by using the same accounting policies and methods of computation as were used in the preparation of the financial statements for the year ended 31 December 2017.

The Federation of Accounting Professions has announced the new and amendments to some Thai accounting standards and Thai financial reporting standards, and accounting standard interpretations and financial reporting standards interpretations.

2.4.1 The Thai financial reporting standards which are effective for the preparation of financial statements with accounting periods beginning on or after 1 January 2018. The Company has adopted the application of those standards for preparation of financial statements effective 1 January 2018. These accounting standards and interpretations do not have significant impact on the financial position and results of operations for the period.

TAS 7 (revised 2017)	Statement of cash flows
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TAS 12 (revised 2017)	Income taxes
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TAS 7 (revised 2017) The amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017) The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset’s tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profits.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

Management has assessed and considered that the above revised standards not have a material impact on the Company.

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018**

2.4.2 The Thai financial reporting standards, Thai accounting standard, and financial reporting standards interpretations which Federation Accounting Professions has plan to announce and effective for the preparation of financial statements with accounting periods beginning on or after January 1, 2019 and has not yet early adopted these revised standards as follow;

Thai financial reporting standardsno.7	Disclosure for financial instruments
Thai financial reporting standardsno.9	Financial instruments
Thai financial reporting standardsno.15	Revenue from contracts with customers
Thai accounting standardsno.32	Presentation for financial instruments
Thai financial reporting standards interpretationno.16	Hedges for a net investment in a foreign operation
Thai financial reporting standards interpretation no.19	Extinguishing Financial Liabilities with Equity

**2.5 Estimation**

When preparing the interim financial statements, management undertake judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation were the same as those applied in the preparation of annual financial statements for the year ended 31 December 2017.

**3. 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

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018**

3.1 Inter-assets and liabilities

	(Unit : Thousand Baht)	
	Separate	
	March 31,2018	December 31, 2017
<b>Loan to related companies</b>		
Thai Film Bangladesh Co., Ltd.	37,965	37,965
Less allowance for doubtful accounts	(37,965)	(37,965)
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Short-term borrowings - Related companies</b>		
PM Group Co., Ltd.	80,000	80,000
<b>Accrued interest expenses</b>		
PM Group Co., Ltd.	13	27
<b>Movement of short-term loans</b>		
<b>Beginning balance</b>	80,000	-
Increase during in the periods	-	80,000
Payment during in the periods	-	-
<b>Ending balance</b>	<b>80,000</b>	<b>80,000</b>

As at March 31, 2018 and 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.

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018**

3.2 Inter- revenue and expense

For the three-month period ended March 31, 2018 and 2017 as follow:

	(Unit : Thousand Baht)		
	Consolidated	Separate	
	2017	2018	2017
<b>Interest expense</b>			
PM Group Co., Ltd.	510	1,207	510
<b>Key management personnel compensation</b>			
Short-term employee benefits	11,119	10,573	11,119
Long-term employee benefits	909	479	909
Total	12,028	11,052	12,028

**4. TRADE AND OTHER CURRENT RECEIVABLES - Net**

Consist of :-

	(Unit : Thousand Baht)	
	Separate	
	March 31, 2018	December 31, 2017
Trade and other current receivables		
- Trade accounts receivable	202,051	226,395
- Other current receivable	12,960	19,378
Total trade and other current receivables	215,011	245,773



**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018**

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

	(Unit : Thousand Baht)	
	Separate	
	March 31, 2018	December 31, 2017
<u>Domestic trade accounts receivable</u>		
Trade accounts receivable within credit term	118,058	125,634
Aging of trade accounts receivable :-		
Less than 3 Months	33,280	43,527
Over 3 months to 6 months	5	-
Over 6 months to 9 months	-	-
Over 9 months	-	-
Total	151,343	169,161
<u>Foreign trade accounts receivable</u>		
Trade accounts receivable within credit term	24,164	31,960
Aging of trade accounts receivable :-		
Less than 3 months	2,442	8,175
Over 3 months to 6 months	-	-
Over 6 months to 9 months	-	-
Over 9 months	-	-
Total	26,606	40,135
Notes receivable	24,102	17,099
<u>Less allowance for doubtful accounts</u>	-	-
Net	202,051	226,395

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

	(Unit : Thousand Baht)	
	Separate	
	March 31, 2018	December 31, 2017
Beginning balance	-	896
Increase	-	-
Decrease	-	(896)
Ending balance	-	-

“UNAUDITED”

“REVIEWED”

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018**

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.

**5. INVENTORIES - Net**

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

	(Unit : Thousand Baht)	
	Separate	
	March 31, 2018	December 31, 2017
Beginning balance	4,800	3,028
Increase	273	1,772
Decrease	-	-
Ending balance	<u>5,073</u>	<u>4,800</u>

**6. ADVANCE FOR INVESTMENT – Net**

Consist of :-

	(Unit : Thousand Baht)	
	Separate	
	March 31, 2018	December 31, 2017
Advance for investment	45,594	45,594
<u>Less Allowance for doubtful accounts</u>	<u>(45,594)</u>	<u>(45,594)</u>
Net	<u>-</u>	<u>-</u>

**7. RESTRICTED BANK DEPOSITS**

As at March 31, 2018, 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 18.1).

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018**

**8. INVESTMENTS IN ASSOCIATED COMPANIES - Net**

Investments in associated companies in the separate financial statements as at March 31, 2018 and December 31, 2017, consist of:

Company name	Country of business	Type of business	(Million Baht)		(Percent)		(Million Baht)	
			Paid up Capital		Percentage of holding		Cost Method	
			March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Thai Copper Industries Pcl.	Thailand	Pure Copper	8,010	8,010	18.96	18.96	1,518.98	1,518.98
<u>Less Allowance for impairment of investment</u>							<u>(1,518.98)</u>	<u>(1,518.98)</u>
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 recognized 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).

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.

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.

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018**

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

Consist of :-

Company	Country of business	Type of business	Paid-up capital	Separate			
				Percentage of investments		Value of investment (Unit : Thousand Baht)	
				March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Thai Film Bangladesh Co., Ltd. (Bangladesh Taka currency)	Bangladesh	Packaging Film	Taka 112 million	53.57	53.57	37,487	37,487
<u>Less Allowance for impairment of investment</u>						<u>(37,487)</u>	<u>(37,487)</u>
Net						<u>-</u>	<u>-</u>

**10. LAND USED IN OPERATION – AT APPRAISED VALUE**

As at March 31, 2018 and December 31, 2017, 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.

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

Consist of :-

	(Unit : Thousand Baht)
	Separate
<b>Cost:-</b>	
Net book value as at January 1, 2018	665,092
Purchase	3,083
Written off	(11)
Depreciation for the period	<u>(17,069)</u>
Net book value as at March 31, 2018	<u><u>651,095</u></u>

Depreciation for three month periods ended March 31, 2018 and 2017, amounted to Baht 8.45 million and Baht 9.69 million, respectively, are included in cost of sales, and Baht 8.62 million and Baht 15.73 million, respectively, are included in selling and administrative expenses.

As at March 31, 2018 and December 31, 2017, the Company has building, machineries and equipment at book value that fully depreciated but still in use at Baht 110.04 Million and Baht 77.93 million, respectively.

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018**

**12. PROPERTY, PLANT AND EQUIPMENT NOT USED IN OPERATION –Net**

Consist of :-

	(Unit : Thousand Baht)
	Separate
<b>Cost:-</b>	
Net book value as at January 1, 2018	301,917
Sale	(1,788)
Impairment reversal	332
Depreciation for the period	(6,939)
Net book value as at March 31, 2018	<u>293,522</u>

As at March 31, 2018, lands and machineries not used in operation, which cost of Baht 74 million and Baht 1,298.94 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 37.56 million, respectively.

**13. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS**

As at March 31, 2018 and December 31, 2017, 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 local banks as follows :-

	(Unit : Million Baht)			
		Bank charge and Interest rate Per annum		Bank charge and Interest rate Per annum
Currency	March 31, 2018	annum	December 31, 2017	annum
Baht	885	2.00 – 8.620	885	2.00 – 8.620

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018**

**14. LOANS UNDER DEBT RESTRUCTURING AGREEMENT**

Loans under debt restructuring agreements as at March 31, 2018, consisted of :

	(Unit : Thousand Baht)	
	Separate	
	March 31, 2018	December 31, 2017
Loans under debt restructuring agreements	899,608	1,170,451
<u>Less:</u> Current-portion due within one year	(654,612)	(892,466)
	244,996	277,985

As at 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. 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 96.46 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.

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018**

As at March 31, 2018 and December 31, 2017, The aforesaid loans including credit facilities from the banks as mentioned in Note 13 and 14 are pledged by:-

- a) The Company’s land and machinery as at March 31, 2018 and December 31, 2017 totaling Baht 984.88 million and Baht 1,004.17 million, respectively.
- b) New equipment or supplies for machineries acquired to replace the mortgaged assets shall be determined as related mortgaged assets.

**15. OTHER INCOME**

For the three-month periods ended March 31, 2018 and 2017 are as follows:

	(Unit : Thousand Baht)		
	Consolidated	Separate	
	2017	2018	2017
Gain on exchange rate	4,164	5,591	4,164
Interest income	48	10	48
Gain from disposal of assets	-	1,258	-
Revenue from raw material sales	6,923	4,879	6,923
Other income	1,105	3,607	1,105
<b>Total</b>	<b>12,240</b>	<b>15,345</b>	<b>12,240</b>

**16. BASIC EARNINGS (LOSS) PER SHARE**

Basic earnings (loss) per share for the three-month periods ended March 31, 2018 and 2017 were calculated by dividing net profit (loss) for the periods by weighted average number of ordinary shares issued during for the three-month periods ended March 31, 2018 and 2017.

Net Profit (loss) for the periods

	(Unit : Million Baht)		
	Consolidated	Separate	
	2017	2018	2017
For the three month periods ended March 31,	(37)	(12)	(37)

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018**

Weighted average number of ordinary shares (Basic)

	(Unit : Million shares)		
	Consolidated	Separate	
	2017	2018	2017
<b>Weighted average number of ordinary shares</b>			
<b>outstanding during the periods (Basic)</b>	2,048	2,048	2,048
<b>Basic earnings (loss) per share from continuing</b>			
<b>operations</b>	(0.018)	(0.006)	(0.018)

**17. 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. Details of financial information shown separately by geographical are as follows:-

For the three-month periods ended March 31, 2018 and 2017

	(Unit : Million Baht)		
	Consolidated	Separate	
	2017	2018	2017
Revenue from sales -Domestic	332	307	332
Revenue from sales -Foreign			
Asia	62	60	62
Europe	8	11	8
American	8	7	8
Others	43	35	43
Total revenue from sales	453	420	453

**18. COMMITMENTS AND CONTINGENT LIABILITIES**

As at March 31, 2018, in addition to the liabilities reflected in the statements of financial position, Thai Film Industries Public Company Limited still have commitments and contingent liabilities as follows: -

- 18.1 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 0.11 million. The Company used fixed deposits as collateral for amount of Baht 1 million. (see Note 7).



**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018**

18.2 Had unused letters of credit, liabilities under trust receipts and promissory notes in amount of approximately Baht 12.17 million.

18.3 The Company has export guaranteed entered into with a commercial bank to guarantee against the risk in receiving the payment of exporting goods from the purchaser or the purchaser's bank overseas. The Company holds the right to the export guaranteed at Baht 25.34million.

18.4 (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.

## **19. FINANCIAL INSTRUMENTS**

### Policy to manage financial risk

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

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018**

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 March 31, 2018 and December 31, 2017, the Company possessed material assets and liabilities in foreign currencies as follows:-

		(Unit : Thousand)	
	Currency	March 31, 2018	December 31, 2017
Assets	US Dollar	663	865
	EURO	64	246
	GBP	31	-
Liabilities	US Dollar	5,784	3,380
	EURO	2	6
	YEN	21	21
	GBP	1	-

As at March 31, 2018 there was forward contracts sold amount of USD 0.05 million.

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.

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018**

**20. 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 the 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 March 31, 2018 and December 31, 2017, the Company stated the lands used in operation at the fair value of Baht 475 million which based on market valuation method (level 2).

**21. 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 March 31, 2018 and December 31, 2017, debt to equity ratio in the separate financial statements are 4.08: 1.00 and 4.11:1.00, respectively.

**22. GOING CONCERN**

As at March 31, 2018, The Company has shareholders' equity amounting to Baht 383.14 million, excluded the contingently liabilities on the sued case in Note 18.4 (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 Central 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 18.4 (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 separate 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.

**23. APPROVAL OF FINANCIAL STATEMENTS**

Board of directors of Thai Film Industries Public Company Limited has approved these interim financial statements on May 11, 2018.