

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
INTERIM FINANCIAL REPORTING
FOR THE THREE-MONTH PERIOD
ENDED MARCH 31, 2019
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, 2019, the separate statements of comprehensive income, changes in equity and cash flows for the three-month period ended March 31, 2019, 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 17.4 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 shares, but not more than baht 600 million. At present, this case is in process of Supreme Court. and (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 and the Court of appeal had scheduled to the date for judgment on September 5, 2018. The Court of Appeal identified "the Central Intellectual Property and International Trade Court did not identify the third defendant to be liable more than the pledge". The Court of Appeal ruled same as the case by the Court of First Instance and the plaintiff and the Company did not file a lawsuit against the Supreme Court. Therefore, the case was ended.

In the case above, the Company is a defendant under the share pledge agreement of Baht 600 million. The Company's lawyer has opinion that the Court of Appeal ruled the third defendant must be liable under the pledge agreement to the plaintiff in the amount specified in the contract, and does not be too liable more than the pledge. This means that if the plaintiff to enforce the case, he can enforce pledge under the pledge and cannot force any other property of the Company. The pledged shares currently have no value, thus there is no impact on the Company's reimbursement.

(b) As discussed in Note 20 to the financial statements, as at March 31, 2019, the Company has shareholders' equity amounting to Baht 265 million, excluded the contingently liabilities on the sued case in Note 17.4 (1) The Court of Appeal ruled the Company is only liable for the pledge shares, but not more than baht 600 million. At present, shares that are pledged, the Company has already provided full allowance for impairment of investments. The Company, therefore, does not provide any provision for damages from lawsuit and also the Company's lawyer has opinion that the Company do not be too liable more than the pledge. The Company's ability to continue its operation as a going concern will significantly depend on the results of the case in the 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.

Mr.Jirote Sirirorote

Certified Public Accountant (Thailand) No. 5113

Karin Audit Company Limited

May 15, 2019

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2019

(Unit : Thousand Baht)

	Notes	Separate	
		March 31, 2019	December 31, 2018
		"UNAUDITED" "REVIEWED"	"AUDITED"
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,133	1,462
Trade and other current receivables - net	4	143,745	171,053
Inventories - net	5	144,270	151,106
Spare parts and supplies - net		54,886	53,767
Advance for Investment - net	6	-	-
Other current assets		7,917	6,940
TOTAL CURRENT ASSETS		351,951	384,328
NON-CURRENT ASSETS			
Investments in associated companies under absolute order control of property - net	7	-	-
Other long-term investments related companies - net	8	-	-
Land used in operation - at appraised value	9	474,877	474,877
Plant and equipment used in operation - net	10	599,949	610,914
Property, plant and equipment not used in operation - net	11	263,693	270,519
Other non-current assets		2,214	873
TOTAL NON-CURRENT ASSETS		1,340,733	1,357,183
TOTAL ASSETS		1,692,684	1,741,511

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2019

(Unit : Thousand Baht)

	Notes	Separate	
		March 31, 2019	December 31, 2018
		"UNAUDITED" "REVIEWED"	"AUDITED"
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Bank overdrafts and short-term loans from financial institutions	12	437,779	405,841
Trade and other current payables - other	3.1	304,331	265,990
Short-term borrowings - Related companies	3.1	80,000	80,000
Current loans under debt restructuring agreements	13	294,125	369,697
Current provisions for employee benefits		140	140
Other current liabilities		1,051	1,111
TOTAL CURRENT LIABILITIES		1,117,426	1,122,779
NON-CURRENT LIABILITIES			
Non-current loans under debt restructuring agreements	13	132,205	150,831
Deferred tax liabilities		149,766	149,253
Non-current provisions for employee benefit		28,723	27,669
TOTAL NON-CURRENT LIABILITIES		310,694	327,753
TOTAL LIABILITIES		1,428,120	1,450,532
EQUITY			
SHARE CAPITAL			
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		(1,884,018)	(1,857,603)
Other components of equity		189,832	189,832
TOTAL EQUITY		264,564	290,979
TOTAL LIABILITIES AND EQUITY		1,692,684	1,741,511

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
 STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

"UNAUDITED"
 "REVIEWED"

(Unit : Thousand Baht)

	Notes	Separate	
		2019	2018
Sales	16	333,995	420,121
Costs of sales	3.2	(303,873)	(387,611)
Gross profit margin		30,122	32,510
Other income	14	9,240	15,345
Distribution costs	3.2	(9,918)	(12,287)
Administrative expenses	3.2	(44,184)	(44,034)
Finance costs	3.2	(11,162)	(3,793)
Profit (loss) before income tax expense		(25,902)	(12,259)
Tax (expense) income		(513)	87
Profit (loss) for the periods		(26,415)	(12,172)
Other comprehensive income		-	-
Total comprehensive income (expense) for the periods		(26,415)	(12,172)
Profit (loss) attributable to			
Owners of parent		(26,415)	(12,172)
Non-controlling Interests		-	-
		(26,415)	(12,172)
Total comprehensive income (expense) attributable to			
Owners of parent		(26,415)	(12,172)
Non-controlling Interests		-	-
		(26,415)	(12,172)
Basic earnings (loss) per share			
Basic earnings (loss) per share from continuing operations	15	(0.013)	(0.006)

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
 STATEMENTS OF CHANGES IN EQUITY
 FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

"UNAUDITED"
 "REVIEWED"

(Unit : Thousand Baht)

Note	Separate									
	Share capital issued and paid-up	Discount on share capital	Deficit			Other components of equity				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		
Balance as at January 1, 2018	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)
Ending balance as at March 31, 2018	<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>
Balance as at January 1, 2019	2,047,500	(88,750)	-	(1,857,603)	(1,857,603)	189,832	-	189,832	189,832	290,979
Total comprehensive income (expense) for the periods	-	-	-	(26,415)	(26,415)	-	-	-	-	(26,415)
Ending balance as at March 31, 2019	<u>2,047,500</u>	<u>(88,750)</u>	<u>-</u>	<u>(1,884,018)</u>	<u>(1,884,018)</u>	<u>189,832</u>	<u>-</u>	<u>189,832</u>	<u>189,832</u>	<u>264,564</u>

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

"UNAUDITED"
"REVIEWED"

	(Unit : Thousand Baht)	
	Separate	
	2019	2018
Cash flows from operating activities		
Profit (loss) for the periods	(26,415)	(12,172)
Adjustments to reconcile profit (loss) for the periods to net cash		
Income tax expense (income)	513	(87)
(Increase) Decrease in Trade and other current receivables	27,494	30,700
(Increase) Decrease in Inventories	7,229	(24,356)
(Increase) Decrease in Spare parts and supplies	(1,118)	(639)
(Increase) Decrease in Other current assets	(4,055)	(2,569)
(Increase) Decrease in Non-current assets	(1,340)	(147)
Increase (Decrease) in Trade and other current payables	36,666	103,794
Increase (Decrease) in Provisions for employee benefits	-	(1,966)
Increase (Decrease) in Other current liabilities	(61)	1,182
(Reversal of) allowance for obsoleted stock	(394)	273
Depreciation	21,465	24,008
Amortization expenses	3,077	3,608
Provision for employee benefits	1,054	1,155
Unrealized (gain) loss on exchange rate	(3,552)	(909)
(gain) loss on sale off assets	(129)	(1,258)
Loss on written off assets and supplies	8	11
(Reversal of) loss on impairment of assets	(47)	(332)
Interest expenses	9,744	2,558
Interest incomes	-	(10)
Total adjustments to reconcile profit (loss) for the periods	96,554	135,016
Net cash flows provided (used in) from operating activities	70,139	122,844

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

"UNAUDITED"
"REVIEWED"

	(Unit : Thousand Baht)	
	Separate	
	2019	2018
Cash flows from investing activities		
(Increase) Decrease in restricted bank deposits	-	(10)
Interest income received	-	10
Cash received from sales assets - net	214	3,046
Purchase of property, plant and equipment	(3,720)	(3,083)
Net cash flows provided (used in) from investing activities	(3,506)	(37)
Cash flows from financing activities		
Increase in bank overdrafts and short-term loans from financial Institutions	35,633	106,525
Increase (Decrease) current loans under debt restructuring agreements	(94,198)	(270,843)
Cash paid for interest expenses	(8,397)	(2,233)
Net cash flows provided (used in) from financing activities	(66,962)	(166,551)
CASH AND CASH EQUIVALENTS INCREASE (DECREASE) - NET	(329)	(43,744)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF PERIOD	1,462	56,367
CASH AND CASH EQUIVALENTS AS AT THE END OF PERIOD	1,133	12,623
Cash and cash equivalents		
Consist of:		
Cash on hand	81	81
Cash at banks - current accounts	749	12,060
Cash at banks - savings accounts	292	482
Cash at banks - fixed deposit account	11	-
	1,133	12,623

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

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, Nihompattana District, Rayong.

2. BASIS FOR INTERIM FINANCIAL STATEMENT PREPARATION

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 December 31, 2018.

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.

2.2 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
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

2.3 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 December 31, 2018.

Revised accounting standards and financial reporting standards

2.3.1. Financial reporting standards that becomes effective for fiscal years beginning on or after January 1, 2019.

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations including new accounting treatment guidance, which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company believe that most of the revised financial reporting standards are not have any significant impact on the financial. However, the new standard involves changes to key principles, as summarized below.

TFRS 15	Revenue from Contracts with Customers
TFRS 15 supersedes the following accounting standards together with related Interpretations	
TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

2.3.2. Financial reporting standards that will become effective for fiscal years beginning on or after January 1, 2020. The Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company’s business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

2.4 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 December 31, 2018.

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
Thai Film Bangladesh Co., Ltd.	Related company
PM Group Co., Ltd.	The same shareholders and directors

3.1 Inter-assets and liabilities

	(Unit : Thousand Baht)	
	Separate	
	March 31, 2019	December 31, 2018
Loan to related companies		
Thai Film Bangladesh Co., Ltd.	37,965	37,965
Less allowance for doubtful accounts	(37,965)	(37,965)
Total	-	-
Short-term borrowings - Related companies		
PM Group Co., Ltd.	80,000	80,000
Accrued interest expenses		
PM Group Co., Ltd.	13	13
Movement of short-term loans		
Beginning balance	80,000	80,000
Increase during in the periods	-	-
Payment during in the periods	-	-
Ending balance	80,000	80,000

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

As at March 31, 2019 and December 31, 2018, 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.

3.2 Inter- revenue and expense

For the three-month period ended March 31, 2019 and 2018 as follow:

	(Unit : Thousand Baht)	
	Separate	
	2019	2018
Interest expense		
PM Group Co., Ltd.	1,207	1,207
Key management personnel compensation		
Short-term employee benefits	10,475	10,573
Long-term employee benefits	306	479
Total	10,781	11,052

4. TRADE AND OTHER CURRENT RECEIVABLES - Net

Consist of :-

	(Unit : Thousand Baht)	
	Separate	
	March 31, 2019	December 31, 2018
Trade and other current receivables		
- Trade accounts receivable	139,306	160,569
- Other current receivable	4,439	10,484
Total trade and other current receivables	143,745	171,053

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

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

	(Unit : Thousand Baht)	
	Separate	
	March 31, 2019	December 31, 2018
<u>Domestic trade accounts receivable</u>		
Trade accounts receivable within credit term	71,787	78,004
Aging of trade accounts receivable :-		
Less than 3 Months	25,441	37,266
Over 3 months to 6 months	-	-
Over 6 months to 9 months	-	-
Over 9 months	-	-
Total	97,228	115,270
<u>Foreign trade accounts receivable</u>		
Trade accounts receivable within credit term	24,645	20,123
Aging of trade accounts receivable :-		
Less than 3 months	5,979	6,492
Over 3 months to 6 months	-	-
Over 6 months to 9 months	-	-
Over 9 months	-	-
Total	30,624	26,615
Notes receivable	11,454	18,684
<u>Less allowance for doubtful accounts</u>	-	-
Net	139,306	160,569

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

5. INVENTORIES - Net

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

	(Unit : Thousand Baht)	
	Separate	
	March 31, 2019	December 31, 2018
Beginning balance	3,790	4,800
Increase	-	-
Decrease	(394)	(1,010)
Ending balance	3,396	3,790

6. ADVANCE FOR INVESTMENT – Net

Consist of :-

	(Unit : Thousand Baht)	
	Separate	
	March 31, 2019	December 31, 2019
Advance for investment	45,594	45,594
<u>Less</u> Allowance for doubtful accounts	(45,594)	(45,594)
Net	-	-

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

7. INVESTMENTS IN ASSOCIATED COMPANIES UNDER ABSOLUTE ORDER CONTROL OF PROPERTY – NET

Investments in associated companies in the separate financial statements as at March 31, 2019 and December 31, 2018, 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, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
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							<u>(1,518.98)</u>	<u>(1,518.98)</u>
Net							<u>-</u>	<u>-</u>

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
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

8. 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	
				March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
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						<u>(37,487)</u>	<u>(37,487)</u>
Net						<u>-</u>	<u>-</u>

9. LAND USED IN OPERATION – AT APPRAISED VALUE

As at March 31, 2019 and December 31, 2018, 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.

10. PLANT AND EQUIPMENT USED IN OPERATION – Net

Consist of :-

	(Unit : Thousand Baht)
	Separate
Cost:-	
Net book value as at January 1, 2019	610,914
Purchase	3,720
Written off	(8)
Depreciation for the period	<u>(14,677)</u>
Net book value as at March 31, 2019	<u><u>599,949</u></u>

Depreciation for three month periods ended March 31, 2019 and 2018, amounted to Baht 5.91 million and Baht 8.45 million, respectively, are included in cost of sales, and Baht 8.76 million and Baht 8.62 million, respectively, are included in selling and administrative expenses.

As at March 31, 2019 and December 31, 2018, the Company has building, machineries and equipment at book value that fully depreciated but still in use at Baht 110.71 million and Baht 110.71 million, respectively.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

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

Consist of :-

	(Unit : Thousand Baht)
	Separate
Cost :-	
Net book value as at January 1, 2019	270,519
Sale	(85)
Impairment reversal	47
Depreciation for the period	(6,788)
Net book value as at March 31, 2019	263,693

As at March 31, 2019, lands and machineries not used in operation, which cost of Baht 74 million and Baht 1,063 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 37.51 million, respectively.

12. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at March 31, 2019 and December 31, 2018, 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)			
Currency	March 31, 2019	Bank charge and Interest rate Per annum	December 31, 2018	Bank charge and Interest rate Per annum
Baht	885	2 - MOR+1.5	885	2 - MOR+1.5

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13. LOANS UNDER DEBT RESTRUTURING AGREEMENT

Loans under debt restructuring agreements as at March 31, 2019, consisted of :

	(Unit : Thousand Baht)	
	Separate	
	March 31, 2019	December 31, 2018
Loans under debt restructuring agreements	426,330	520,528
<u>Less: Current-portion due within one year</u>	<u>(294,125)</u>	<u>(369,697)</u>
	132,205	150,831

As at December 28, 2018, 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 85.11 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.

As at March 31, 2019 and December 31, 2018, The aforesaid loans including credit facilities from the banks as mentioned in Note 12 and 13 are pledged by :-

- a) The Company’s land and machinery as at March 31, 2019 and December 31, 2018 totaling Baht 917.13 million and Baht 938.32 million, respectively.
- b) New equipment or supplies for machineries acquired to replace the mortgaged assets shall be determined as related mortgaged assets.

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14. OTHER INCOME

For the three-month periods ended March 31, 2019 and 2018 are as follows:

	(Unit : Thousand Baht)	
	Separate	
	2019	2018
Gain on exchange rate	5,295	5,591
Interest income	-	10
Gain from disposal of assets	129	1,258
Revenue from raw material sales	1,330	4,879
Other income	2,486	3,607
Total	9,240	15,345

15. BASIC EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share for the three-month periods ended March 31, 2019 and 2018 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, 2019 and 2018.

Net Profit (loss) for the periods

	(Unit : Million Baht)	
	Separate	
	2019	2018
For the three month periods ended March 31,	(26)	(12)

Weighted average number of ordinary shares (Basic)

	(Unit : Million shares)	
	Separate	
	2019	2018
Weighted average number of ordinary shares outstanding during the periods (Basic)	2,048	2,048
Basic earnings (loss) per share from continuing operations	(0.013)	(0.006)

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16. 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, 2019 and 2018

	(Unit : Million Baht)	
	Separate	
	2019	2018
Revenue from sales - Domestic	227	307
Revenue from sales - Foreign		
Asia	54	60
Europe	12	11
American	1	7
Others	40	35
Total revenue from sales	334	420

17. COMMITMENTS AND CONTINGENT LIABILITIES

As at March 31, 2019, 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: -

17.1 Had outstanding bank guarantees issued on behalf of the Company and for which it is contingently liabilities to the Customs Department, Provincial Electricity Authority, Metropolitan Electricity Authority and Tobacco Authority of Thailand amounting to approximately Baht 5.13 million.

17.2 Had unused letters of credit, liabilities under trust receipts and promissory notes in amount of approximately Baht 48.61 million.

17.3 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 20.76 million.

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17.4 (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 shares, 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 and the Court of appeal had scheduled to the date for judgment on September 5, 2018. The Court of Appeal identified “the Central Intellectual Property and International Trade Court did not identify the third defendant to be liable more than the pledge”. The Court of Appeal ruled same as the case by the Court of First Instance and the plaintiff and the Company did not file a lawsuit against the Supreme Court. Therefore, the case was ended.

In the case above, the Company is a defendant under the share pledge agreement of Baht 600 million. The Company’s lawyer has opinion that the Court of Appeal ruled the third defendant must be liable under the pledge agreement to the plaintiff in the amount specified in the contract, and does not be too liable more than the pledge. This means that if the plaintiff to enforce the case, he can enforce pledge under the pledge and can not force any other property of the Company. The pledged shares currently have no value, thus there is no impact on the Company's reimbursement.

18. 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

Interest rate risk arises from the fluctuation of market interest rates, which may have an impact to current and future operations of the Thai Film Industries Public Company Limited. Thai Film Industries Public Company Limited exposure to interest rate risk relates primarily to their cash and cash equivalents, bank overdrafts and short-term loans from financial institutions, short-term borrowings-Related companies, and long - term liabilities under debt restructuring agreements, which bear interest. However, since financial assets and liabilities bear floating interest rates which are close to the market rates. The management considers that the interest rate risk is minimal, hence, the Thai Film Industries Public Company Limited has no hedging agreement to protect against such risk.

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, 2019 and December 31, 2018, the Company possessed material assets and liabilities in foreign currencies as follows :-

		(Unit : Thousand)	
	Currency	March 31, 2019	December 31, 2018
Assets	US Dollar	774	700
	EURO	102	46
	GBP	33	15
Liabilities	US Dollar	11,521	10,701
	EURO	4	6
	YEN	938	14

As at March 31, 2019, there was forward contracts bought amount of USD 0.04 million and forward contracts sold amount of USD 3.12 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.

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Fair Value

A number of the Group’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. Fair values have been determined for measurement and/or disclosure purposes based on the following methods (when applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability).

The fair value of cash and cash equivalents, trade and other accounts receivable, other current assets, bank overdrafts, short-term borrowings, trade and other accounts payable and other current liabilities is taken to approximate the carrying value.

The fair value of investments in equity securities - available-for-sales, are determined by reference to their quoted bid prices at the reporting date.

The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

Fair values and the carrying values of financial assets and liabilities other than the aforementioned were as follows:

	(Unit : Million Baht)	
	Separate	
	March 31, 2019	December 31, 2018
Financial assets measured at fair value		
Land used in operations (level 2)	475	475

19. 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, 2019 and December 31, 2018, debt to equity ratio in the separate financial statements are 5.40:1.00 and 4.99:1.00, respectively.

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20. GOING CONCERN

As at March 31, 2019, the Company has shareholders' equity amounting to Baht 265 million, excluded the contingently liabilities on the sued case in Note 17.4 (1) The Court of Appeal ruled the Company is only liable for the pledge shares, but not more than baht 600 million. At present, shares that are pledged, the Company has already provided full allowance for impairment of investments. The Company, therefore, does not provide any provision for damages from lawsuit and also the Company's lawyer has opinion that the Company do not be too liable more than the pledge. The Company's ability to continue its operation as a going concern will significantly depend on the results of the case in the Supreme Court which it will takes longer time. Thus, the Company's separate 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.

21. SUBSEQUENT EVENT

On April 5, 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from May 5, 2019 that the change is considered a project amendment for the post-employment benefits plan. The Company will record the effect of change by recognizing the past service cost immediately in the income statement in the period which the law is effective.

22. APPROVAL OF FINANCIAL STATEMENTS

Board of directors of Thai Film Industries Public Company Limited has approved these interim financial statements on May 15, 2019.