

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019
AND
AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Thai Film Industries Public Company Limited

I have audited the financial statements of Thai Film Industries Public Company Limited, which comprise the statements of financial position and as at 31 December 2019, and the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Film Industries Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Significant uncertainties associated with going concern

As discussed in Note 1.2, The Company has consecutive losses in the year of 2019, the statement of comprehensive income for the year showed a loss of Baht 185.06 million and comprehensive loss of Baht 188.43 million. Statement of financial base as of December 31, 2019 showing accumulated losses of Baht 2,046.03 million. However, the Company is unable to comply with the conditions under the debt restructuring agreement. In addition, according to the minutes of the Board of Directors Meeting No. 3/2019 on July 25, 2019, approved a temporary halt to its production on September 2019 onwards and reduce number of employees by lay off approximately 30% of the total number of employees and severance pay under Thai Labour law Including debt standing balance of 30.40 million baht sued by a creditor (Note 22.3.3).

However, The Company has explained that currently is in the process of debt restructuring with the bank, which is expected to be finalized by March 2020, and has plans to receive financial support from major shareholders of the Company and has plans to sell assets that will not affect operations in order to reduce the burden of property maintenance costs, reduce interest burden including used as working capital for operations according to the plan assessed during the next 12 months after the end of the accounting period ended December 31, 2019, these events indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. my opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, I have determined the matters described below to be the key audit matters to be communicated in my report.

Deferred Tax Assets

Risk

The Company has not recorded deferred tax assets, amounting to Baht 535.29 million as discussed in Note 15 to the financial statements due to the recognition of deferred tax assets are based on this opportunity by implementing that relies on the discretion of the administration. The expectation for utilization of the asset is dependent on many factors, including the appropriateness of the temporary differences of tax and the adequacy of future taxable income to support such recognition.

Risk Responses of Auditor

My audit procedures responded to the risk referred to above are as follows:

- considered management's assessment of the adequacy of future taxable profits to support to the recording of deferred tax assets ,based on considering the estimated future cash flows and assumptions of the management process.
- tested the reliability of the calculated and compared with the last budget approved by the Board of Directors.
- asked the executives about key assumptions regarding the estimated long-term growth rate as compared to the performance in the past, economic condition, and forecasts of industry trends.

The results of the above tests that cause to believe that the Company should not recognize deferred tax assets because there is no opportunity to take advantage of future tax manifest.

Loans Under Debt Restructuring Agreements

Risk

The Company had loan under debt restructuring agreements of default amounting to Baht 660.23 million, which are significant accounts. The Company is required to comply with certain covenants, as discussed in Note no 14 to the financial statements. If the Company is unable to comply with those covenants, it may result in the debt restructuring agreement being called by the lender holders, the reclassification of the liabilities from non-current liabilities to current liabilities and the record of interest and accrued interest which would affect the going concern of the Company.

Risk Responses of Auditor

I read the debt restructuring agreements and gained an understanding of and assessed the process by which compliance with the covenants specified in the contracts. I also checked the confirmation letter from the creditor, checked related payment document during each period, examined documentation related to compliance with both the non-financial and financial covenants and impact of default payment, checked the payment after the reporting period, checked the classification of liabilities, checked the thorough records of interest and accrued interest, and reviewed the sufficient disclosure of information in the agreement in the notes to the financial statements.

The results of the above tests that cause to found that the loan under debt restructuring agreement principal amount and interest are records to correctly and complete and classification and disclosure in note to financial statement.

Emphasis of Matter

1. As discussion on note to financial statement no.13 and 14, as at December 31, 2019, the Company has bank overdrafts, short-term loans from financial institutions and loans under debt restructuring agreements which is due and the Company requested to adjust the conditions for payment.
2. As discussion on note to financial statement no. 22.3

22.3.1 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.

On August 1, 2019, the Supreme Court ruled that the liability of the third defendant must not more than Baht 600 million plus interest at the rate of 7.5% per annum of the such principal from October 31, 2007 until the pledge is forced to complete. In addition to the such judgment, let to comply with the judgment of the Court of Appeal.

22.3.2 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 (22.3.1) 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 Supreme Court ruled the third defendant must be liable under the pledge agreement to the plaintiff in the amount specified in the contract plus interest at the rate of 7.5% per annum, 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.

22.3.3 On July 27, 2019, the Company has sued by a creditor to the Central Bankruptcy Court and the creditor claimed that the Company has defaulted on payment of debts in the amount to Baht 83.91 million, On December 3, 2019, the Company and the creditor agree with the debt in the amount of Baht 61.40 million, with the same payment to amount of Baht 31 million and the remaining amount will be paid within 6 month from the date of agreement. If not, the creditor has the right to charge interest at the rate of 7.5% per annum of the outstanding amount. However, the creditor submitted a petition to withdraw the case and the court had considered the case for the creditors to withdraw the lawsuit in the case. The Company lawyer have the opinion that on the that day, the Company and the creditors can agree on the terms of repayment. The result of the case therefore appears that the creditors agreed on the agreement and proceeded with the request to withdraw the case from the court the court has issued an order allowing the case to be discharged from the directory. The company therefore has no obligation in excess of the agreed debt.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

In preparing the financial statements, management is responsible for assessing the 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 or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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.Jirote Sirirorote

Mr.Jirote Sirirorote

Certified Public Accountant (Thailand) No. 5113

Karin Audit Company Limited

February 18, 2020

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31,2019

(Unit : Baht)

	Notes	December 31, 2019	December 31, 2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		20,018,821	1,461,533
Trade and other current receivables - net	5	5,621,041	171,053,034
Inventories - net	6	3,718,743	151,106,120
Spare parts and supplies - net		53,416,463	53,767,157
Advance for Investment - net	7	-	-
Other current assets		2,633,816	6,939,746
TOTAL CURRENT ASSETS		85,408,884	384,327,590
NON-CURRENT ASSETS			
Investments in associated companies under absolute order control of property - net	8	-	-
Other long-term investments related companies - net	9	-	-
Land used in operation - at appraised value	10	474,877,000	474,877,000
Plant and equipment used in operation - net	11	559,528,704	610,913,766
Property, plant and equipment not used in operation - net	12	238,753,166	270,519,402
Other non-current assets		279,367	873,298
TOTAL NON-CURRENT ASSETS		1,273,438,237	1,357,183,466
TOTAL ASSETS		1,358,847,121	1,741,511,056

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

(Unit : Baht)

	Notes	December 31, 2019	December 31, 2018
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Bank overdrafts and short-term loans from financial institutions	13	276,175,033	405,840,479
Trade and other current payables - other		52,579,346	261,515,411
Accrued interest	4.1	61,358,899	4,474,333
Short-term borrowings - Related companies	4.1	30,000,000	80,000,000
Loans under debt restructuring agreements of default	14	660,225,388	-
Current loans under debt restructuring agreements	14	-	369,697,304
Current provisions for employee benefits	16	-	140,000
Other current liabilities		776,613	1,111,462
TOTAL CURRENT LIABILITIES		1,081,115,279	1,122,778,989
NON-CURRENT LIABILITIES			
Non-current loans under debt restructuring agreements	14	-	150,830,897
Deferred tax liabilities	15	147,130,310	149,253,084
Non-current provisions for employee benefits	16	28,051,534	27,669,027
TOTAL NON-CURRENT LIABILITIES		175,181,844	327,753,008
TOTAL LIABILITIES		1,256,297,123	1,450,531,997
EQUITY			
SHARE CAPITAL			
Authorized share capital			
2,661,750,000 ordinary shares : Baht 1 per share		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
Discount on common shares		(88,750,000)	(88,750,000)
Retained earnings (Deficits) -Unappropriated		(2,046,031,879)	(1,857,602,818)
Other components of equity		189,831,877	189,831,877
TOTAL EQUITY		102,549,998	290,979,059
TOTAL LIABILITIES AND EQUITY		1,358,847,121	1,741,511,056

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019

(Unit : Baht)

	Notes	2019	2018
Sales	20	933,656,491	1,567,212,182
Costs of sales	4.2	(845,613,077)	(1,460,149,556)
Gross profit margin		88,043,414	107,062,626
Other income	17	28,070,425	42,347,772
Distribution costs	4.2	(29,232,985)	(44,731,511)
Administrative expenses	4.2	(191,648,002)	(175,879,641)
Other expenses		(1,647,606)	-
Finance costs	4.2	(80,771,954)	(32,284,329)
Profit (loss) before income tax expense		(187,186,708)	(103,485,083)
Tax (expense) income	18	2,122,774	(849,610)
Profit (loss) for the year		(185,063,934)	(104,334,693)
Other comprehensive income (expense)			
Components of other comprehensive income that will not be reclassified to profit or loss			
Gains (losses) on remeasurements of defined benefit plans	16	(3,365,127)	-
Other comprehensive income (expense) for the year		(3,365,127)	-
Total comprehensive income (expense) for the year		(188,429,061)	(104,334,693)
Basic earnings (loss) per share			
Basic earnings (loss) per share from continuing operations	19	(0.090)	(0.051)

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2019

(Unit : Baht)

Note	Other components of equity									
	Share capital issued and paid-up	Discount on share capital	Deficit			Other comprehensive income			Total other components of equity	Total
			Appropriated	Unappropriated	Total	Capital surplus from land revaluation	Gains (losses) on remeasurements of defined benefits plans	Total other comprehensive income		
Balance as at January 1, 2018	2,047,500,000	(88,750,000)	-	(1,753,268,125)	(1,753,268,125)	189,831,877	-	189,831,877	189,831,877	395,313,752
Profit (loss) for the year	-	-	-	(104,334,693)	(104,334,693)	-	-	-	-	(104,334,693)
Ending balance as at December 31, 2018	<u>2,047,500,000</u>	<u>(88,750,000)</u>	<u>-</u>	<u>(1,857,602,818)</u>	<u>(1,857,602,818)</u>	<u>189,831,877</u>	<u>-</u>	<u>189,831,877</u>	<u>189,831,877</u>	<u>290,979,059</u>
Balance as at January 1, 2019	2,047,500,000	(88,750,000)	-	(1,857,602,818)	(1,857,602,818)	189,831,877	-	189,831,877	189,831,877	290,979,059
Profit (loss) for the year	-	-	-	(185,063,934)	(185,063,934)	-	-	-	-	(185,063,934)
Transfer to profit (loss)	-	-	-	(3,365,127)	(3,365,127)	-	3,365,127	3,365,127	3,365,127	-
Other comprehensive income (expense)	-	-	-	-	-	-	(3,365,127)	(3,365,127)	(3,365,127)	(3,365,127)
Ending balance as at December 31, 2019	<u>2,047,500,000</u>	<u>(88,750,000)</u>	<u>-</u>	<u>(2,046,031,879)</u>	<u>(2,046,031,879)</u>	<u>189,831,877</u>	<u>-</u>	<u>189,831,877</u>	<u>189,831,877</u>	<u>102,549,998</u>

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019

	(Unit : Baht)	
	2019	2018
Cash flows from operating activities		
Profit (loss) for the year	(185,063,934)	(104,334,693)
Adjustments to reconcile profit (loss) for the years to net cash		
Income tax expense (income)	(2,122,774)	849,610
(Increase) Decrease in Trade and other current receivables	165,445,770	74,562,917
(Increase) Decrease in Inventories	149,927,719	53,299,908
(Increase) Decrease in Spare parts and supplies	351,044	1,433,029
(Increase) Decrease in Other current assets	(7,773,546)	(13,293,111)
(Increase) Decrease in Non-current assets	(187,667)	5,431,255
Increase (Decrease) in Trade and other current payables	(207,412,761)	92,265,239
Increase (Decrease) in Provisions for employee benefits	(36,467,045)	(5,745,640)
Increase (Decrease) in Other current liabilities	(334,847)	482,288
(Reversal of) allowance for obsoleted stock	(2,540,693)	(1,014,168)
Depreciation	85,053,293	92,095,402
Amortization expenses	12,079,477	14,112,639
Provision for employee benefits	34,218,847	4,540,692
(Reversal of) Provision for employee benefits	(874,423)	-
Unclaimed withholding tax	781,597	536,166
Unrealized (gain) loss on exchange rate	(64,929)	(3,205,432)
(Gain) loss on sale off assets	1,647,606	(5,210,131)
Loss on written of assets and supplies	15,765	40,091
(Reversal of) loss on impairment of assets	(46,527)	(332,398)
Revenue from adjust non-movement	(507,037)	(196,112)
Interest expenses	77,646,253	27,000,983
Interest incomes	(38,455)	(12,196)
Total adjustments to reconcile profit (loss) for the years	268,796,667	337,641,031
Net cash flows provided (used in) from operating activities	83,732,733	233,306,338

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019

	(Unit : Baht)	
	2019	2018
Cash flows from investing activities		
(Increase) Decrease in restricted bank deposits	-	1,039,459
Interest income received	37,411	23,451
Cash received from sales assets - net	2,637,505	9,389,151
Purchase of property, plant and equipment	(6,156,344)	(10,057,963)
Net cash flows provided (used in) from investing activities	(3,481,428)	394,098
Cash flows from financing activities		
Increase in bank overdrafts and short-term loans from financial Institutions	145,695,975	383,857,672
Increase (Decrease) current loans under debt restructuring agreements	(136,683,720)	(649,918,490)
Cash paid for short-term borrowings - related companies	(50,000,000)	-
Cash paid for interest expenses	(20,706,272)	(22,545,147)
Net cash flows provided (used in) from financing activities	(61,694,017)	(288,605,965)
CASH AND CASH EQUIVALENTS INCREASE (DECREASE) - NET	18,557,288	(54,905,529)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF YEAR	1,461,533	56,367,062
CASH AND CASH EQUIVALENTS AS AT THE END OF YEAR	20,018,821	1,461,533
Cash and cash equivalents		
Consist of:		
Cash on hand	60,426	80,843
Cash at banks - current accounts	3,832,541	892,895
Cash at banks - savings accounts	16,114,767	476,800
Cash at banks - fixed deposit account	11,087	10,995
	20,018,821	1,461,533

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019

1. GENERAL INFORMATION

1.1. Corporate information

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, Nakhompanatana District, Rayong.

1.2. Going Concern

The Company has consecutive losses in the year of 2019, the statement of comprehensive income for the year showed a loss of Baht 185.06 million and comprehensive loss of Baht 188.43 million. Statement of financial base as of December 31, 2019 showing accumulated losses of Baht 2,046.03 million. However, the Company is unable to comply with the conditions under the debt restructuring agreement. In addition, according to the minutes of the Board of Directors Meeting No. 3/2019 on July 25, 2019, approved a temporary halt to its production on September 2019 onwards and reduce number of employees by lay off approximately 30% of the total number of employees and severance pay under Thai Labor law including debt standing balance of 30.40 million baht sued by a creditor (Note 22.3.3).

However, The Company has explained that currently is in the process of debt restructuring with the bank, which is expected to be finalized by March 2020, and has plans to receive financial support from major shareholders of the Company and has plans to sell assets that will not affect operations in order to reduce the burden of property maintenance costs, reduce interest burden including used as working capital for operations according to the plan assessed during the next 12 months after the end of the accounting period ended December 31, 2019.

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.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019

2.2 New Financial reporting standard

a) Financial reporting standards that become effective in the current year

During the year, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after January 1, 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 adoption of these financial reporting standards does not have any significant impact on the Company financial statements. However, the new standard involves changes to key principles, which are 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.

This standard does not have any significant impact on the Company financial statements.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019

b) Financial reporting standards that will become effective for fiscal years beginning on or after January 1, 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after January 1, 2020. 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 except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A 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
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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 amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the 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.

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

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019

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 recognise 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 Company plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Company expects the effect of the adoption of this accounting standard to the statement of financial position as at January 1, 2020 to be to increase the Company assets by approximately Baht 1.03 million and the Company liabilities by approximately Baht 1.03 million.

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:

- Land is measured at appraisal value

2.4 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.

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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 18	Income Taxes and Deferred Income Tax
Note 16	Measurement of defined benefit obligations

2.6 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorised of input to be used in fair value measurement as follows : The company discloses the fair value measurement of above items in related notes to financial statement.

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The 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 associated companies

Investment in 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.

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.

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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

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.

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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 recognized.

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 .

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.

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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 power of control 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.

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.

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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. 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

4.1 Inter-assets and liabilities

	(Unit : Thousand Baht)	
	December 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.	30,000	80,000
Accrued interest expenses		
PM Group Co., Ltd.	-	13
Movement of short-term loans		
Beginning balance	80,000	80,000
Increase during in the periods	-	-
Payment during in the periods	50,000	-
Ending balance	30,000	80,000

As at December 31, 2019 and 2018, the Company has short-term loan under promissory note amount of Baht 30 million and Baht 80 million, respectively. due at call without any collateral and interest rate at MOR-1% per annum.

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4.2 Inter- revenue and expense

For the year ended December 31, 2019 and 2018 as follow:

	(Unit : Thousand Baht)	
	2019	2018
Interest expense		
PM Group Co., Ltd.	4,002	4,896
Key management personnel compensation		
Short-term employee benefits	34,936	41,328
Long-term employee benefits	9,690	1,837
Total	44,626	43,165

Key management personnel compensation expenses for the years ended December 31, 2019 and 2018 consist of:-

	(Unit : Thousand Baht)	
	2019	2018
Present in costs of sales	5,544	5,173
Present in selling and administrative expenses	39,082	37,992
Total	44,626	43,165

5. TRADE AND OTHER CURRENT RECEIVABLES - Net

Consist of :-

	(Unit : Baht)	
	December 31, 2019	December 31, 2018
Trade and other current receivables		
- Trade accounts receivable	1,361,969	160,569,314
- Other current receivable	4,259,072	10,483,720
Total trade and other current receivables	5,621,041	171,053,034

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

	(Unit : Baht)	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Domestic trade accounts receivable</u>		
Trade accounts receivable within credit term	272,927	78,003,852
Aging of trade accounts receivable :-		
Less than 3 months	762,668	37,265,677
Over 3 months to 6 months	-	-
Over 6 months to 9 months	-	-
Over 9 months	-	-
Total	<u>1,035,595</u>	<u>115,269,529</u>
<u>Foreign trade accounts receivable</u>		
Trade accounts receivable within credit term	37,436	20,123,626
Aging of trade accounts receivable:-		
Less than 3 months	213,600	6,492,036
Over 3 months to 6 months	-	-
Over 6 months to 9 months	-	-
Over 9 months	31	-
Total	<u>251,067</u>	<u>26,615,662</u>
Notes receivable	75,307	18,684,123
<u>Less allowance for doubtful accounts</u>	<u>-</u>	<u>-</u>
Net	<u>1,361,969</u>	<u>160,569,314</u>

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6. INVENTORIES - Net

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

	(Unit : Baht)	
	December 31, 2019	December 31, 2018
Finished goods	310,531	73,727,832
Work in process	-	6,262,964
Raw materials	3,950,364	57,651,703
Packaging	707,676	4,179,719
Raw materials in transit	-	13,074,073
Total	4,968,571	154,896,291
<u>Less</u> Allowance for obsolete/damage inventories	(1,249,828)	(3,790,171)
Net	3,718,743	151,106,120

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

	(Unit : Baht)	
	December 31, 2019	December 31, 2018
Beginning balance	3,790,171	4,800,356
Increase	-	-
Decrease	(2,540,343)	(1,010,185)
Ending balance	1,249,828	3,790,171

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7. ADVANCE FOR INVESTMENT – Net

Consist of :-

	(Unit : Baht)	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Advance for investment	45,593,886	45,593,886
<u>Less</u> Allowance for doubtful accounts	<u>(45,593,886)</u>	<u>(45,593,886)</u>
Net	<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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8. INVESTMENTS IN ASSOCIATED COMPANIES UNDER ABSOLUTE ORDER CONTROL OF PROPERTY – NET

Investments in associated companies in the financial statements as at December 31, 2019 and 2018, consist of:

Company name	Country of business	Type of business	(Million Baht)		(Percent)		(Million Baht)	
			Paid up Capital		Percentage of holding		Cost Method	
			December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 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 Allowance for impairment of investment</u>							<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).

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.

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, 2019 and 2018, present the same amount and presentation as the financial statements for the same period.

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

Consist of :-

Company	Country of business	Type of business	Paid-up capital	Percentage of investments		Value of investment (Unit: Thousand Baht)	
				December	December	December	December
				31, 2019	31, 2018	31, 2019	31, 2018
Thai Film Bangladesh Co., Ltd.	Bangladesh	Packaging Film	Taka 112 million				
				53.57	53.57	37,487	37,487
						(37,487)	(37,487)
						-	-

10. LAND USED IN OPERATION – AT APPRAISED VALUE

As at December 31, 2019 and 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.

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11. PLANT AND EQUIPMENT USED IN OPERATION – Net

Consist of :-

(Unit : Baht)

	Buildings and improvements	Machineries	Equipment and tools	Furnitures, fixtures and office equipments	Vehicles	Spare parts and supplies	Machinery and Equipment Under installation	Total
Cost								
As at December 31, 2018	453,199,913	2,694,069,191	117,090,250	28,617,425	12,134,703	119,255,108	1,174,999	3,425,541,589
Purchase	-	-	87,425	284,420	-	5,784,499	-	6,156,344
Disposal	-	-	(47,248)	-	(5,909,000)	-	-	(5,956,248)
Transfer in (out)	-	-	-	-	-	1,100,000	(1,100,000)	-
Amortized	-	-	(606,204)	(555,225)	-	(11,011,897)	-	(12,173,326)
As at December 31, 2019	<u>453,199,913</u>	<u>2,694,069,191</u>	<u>116,524,223</u>	<u>28,346,620</u>	<u>6,225,703</u>	<u>115,127,710</u>	<u>74,999</u>	<u>3,413,568,359</u>
Accumulated Depreciation								
As at December 31, 2018	(356,453,970)	(2,294,778,951)	(107,724,376)	(26,677,714)	(11,990,224)	(11,996,528)	-	(2,809,621,763)
Depreciation for the year	(8,220,407)	(34,839,220)	(3,393,042)	(1,088,372)	(65,420)	(9,919,175)	-	(57,525,636)
Depreciation for disposal assets	-	-	47,248	-	5,908,998	-	-	5,956,246
Amortized	-	-	601,103	553,888	-	11,002,567	-	12,157,558
As at December 31, 2019	<u>(364,674,377)</u>	<u>(2,329,618,171)</u>	<u>(110,469,067)</u>	<u>(27,212,198)</u>	<u>(6,146,646)</u>	<u>(10,913,136)</u>	<u>-</u>	<u>(2,849,033,595)</u>

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(Unit : Baht)

	Buildings and improvements	Machineries	Equipment and tools	Furnitures, fixtures and office equipments	Vehicles	Spare parts and supplies	Machinery and Equipment Under installation	Total
Allowance for impairment								
As at December 31, 2018	-	-	-	-	-	(5,006,060)	-	(5,006,060)
(Increase) / Decrease	-	-	-	-	-	-	-	-
As at December 31, 2019	-	-	-	-	-	(5,006,060)	-	(5,006,060)
Net book value								
As at December 31, 2018	96,745,943	399,290,240	9,365,874	1,939,711	144,479	102,252,520	1,174,999	610,913,766
As at December 31, 2019	88,525,536	364,451,020	6,055,156	1,134,422	79,057	99,208,514	74,999	559,528,704
Depreciation in the statement of comprehensive income								
December 31, 2018	8,236,280	36,076,548	4,104,965	1,299,762	65,420	14,507,852	-	64,290,827
December 31, 2019	8,220,407	34,839,220	3,393,042	1,088,372	65,420	9,919,175	-	57,525,636

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED

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Depreciation for years ended December 31, 2019 and 2018, amount to Baht 16.86 million and Baht 29.66 million ,respectively, are included in cost of sales, and Baht 40.66 million and Baht 34.63 million, are included in selling and administrative expenses.

As at December 31, 2019 and 2018, the Company has building, machineries and equipment at book value that fully depreciated but still in use at Baht 124.32 million and 110.71 Baht million, respectively.

12. PROPERTY, PLANT AND EQUIPMENT NOT USED IN OPERATION -NET

consisted of :

	(Unit : Baht)		
	Land	Machineries and others	Total
Cost :			
As at December 31, 2018	74,005,000	1,063,277,905	1,137,282,905
Transfer in (out)	-	-	-
Disposal	-	(199,400,372)	(199,400,372)
As at December 31, 2019	74,005,000	863,877,533	937,882,533
Accumulated Depreciation:			
As at December 31, 2018	-	(794,148,702)	(794,148,702)
Depreciation for the year	-	(27,527,657)	(27,527,657)
Transfer in (out)	-	-	-
Depreciation for disposal assets	-	195,115,266	195,115,266
As at December 31, 2019	-	(626,561,093)	(626,561,093)
Allowance for impairment:			
As at December 31, 2018	(35,055,000)	(37,559,801)	(72,614,801)
Increase / (Decrease)	-	46,527	46,527
As at December 31, 2019	(35,055,000)	(37,513,274)	(72,568,274)
Net book value:			
As at December 31, 2018	38,950,000	231,569,402	270,519,402
As at December 31, 2019	38,950,000	199,803,166	238,753,166
Depreciation in the statement of comprehensive income:			
December 31, 2018	-	27,804,575	27,804,575
December 31, 2019	-	27,527,657	27,527,657

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As at December 31, 2019 the lands and machineries not used in operation, which cost of Baht 74 million and Baht 863.88 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 35.06 million and Baht 37.51 million, respectively.

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

Consist of :-

	(Unit : Baht)	
	December 31, 2019	December 31, 2018
Bank overdrafts	25,528,398	10,806,633
Packing credits	-	10,898,000
Liabilities under trust receipts	190,297,905	157,228,419
Forward Contract	1,019,487	-
Promissory notes	59,329,243	226,907,427
Total	276,175,033	405,840,479

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As at December 31, 2019 and 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 many local banks as follows :-

(Unit : Million)				
Currency	December 31, 2019	Bank charge and Interest rate Per annum	December 31, 2018	Bank charge and Interest rate Per annum
Baht	585	2 - MOR+1.5	885	2 - MOR+1.5

On July 11, 2019, commercial bank has approved the waiver of payment for the loan which is due and reduced the credit limit.

As at December 31, 2019, the Company has bank overdrafts and short-term loans form financial institutions which is due and the Company requested to adjust the conditions for payment.

14. LOANS UNDER DEBT RESTRUTURING AGREEMENT

Loans under debt restructuring agreements as at December 31, 2019 and 2018, consisted of :

(Unit : Baht)		
	December 31, 2019	December 31, 2018
Loans under debt restructuring agreements	660,225,388	520,528,201
<u>Less: Current-portion due within one year</u>	-	(369,697,304)
Default	(660,225,388)	-
Net	-	150,830,897

14.1 As at July 11, 2019, the commercial bank considered and approved the change for debt restructuring of short-term loans as following:

1. Reduction of interest rate from MOR +1.5% to MLR
2. The Company agree to settle remaining debts Baht 278.86 million within 84 months, starting from July 2019 to June 2026
3. The Bank will waive accrued interest amounting to Baht 1.64 million when the Company completely settle debts under the agreement.

As at December 31, 2019, the Company has loans under debt restructuring agreement which is due and the Company requested to adjust the conditions for payment.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019

14.2 As at December 28, 2017, The Company signed a debt restructuring agreement with a commercial bank covering long-term loan and short-term loan. Later, on May 2019, The Company requested to adjust the repayment conditions of the short-term loan under the payment terms that were due during the period, and then on July 11, 2019, the commercial bank considered and approved the change for debt restructuring of short-term loans as following:

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 42 months (original 24 months) starting from December 2017 to June 2021
 - 2.2 Repayment of interest within 54 months (original 36 months) (12 months free of charge), starting from January 2019 to June 2022
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 56.45 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 December 31, 2019 and 2018, 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 December 31, 2019 and 2018 totaling Baht 877.99 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.

As at December 31, 2019, the Company has loans under debt restructuring agreement which is due and the Company requested to adjust the conditions for payment.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
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15. DEFERRED TAX LIABILITIES

As at December 31, 2019 and 2018, the components of deferred tax liabilities are as follows:

	(Unit : Baht)	
	December 31, 2019	December 31, 2018
Amortization Expenses	526,764	1,387,949
Plant and equipment	99,145,577	100,407,166
Capital surplus from land revaluation	47,457,969	47,457,969
Total	147,130,310	149,253,084

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

	(Unit : Thousand Baht)			
	Charged / (credited) to:			
	January 1,	Other		December 31,
	2019	(Profit) or loss	comprehensive income	Equity
	2019	(Profit) or loss	income	Equity
<i>Deferred tax liabilities</i>				
Amortization Expenses	1,388	(861)	-	-
Plant and equipment	100,407	(1,262)	-	-
Capital surplus from land revaluation	47,458	-	-	-
Total	149,253	(2,123)	-	-

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(Unit : Thousand Baht)

	Charged / (credited) to:				December 31, 2018
	January 1, 2018	(Profit) or loss	Other comprehensive income	Equity	
<i>Deferred tax liabilities</i>					
Amortization Expenses	1,552	(164)	-	-	1,388
Plant and equipment	99,393	1,014	-	-	100,407
Capital surplus from land revaluation	47,458	-	-	-	47,458
Total	148,403	850	-	-	149,253

As at December 31, 2019 and 2018, the Company did not recognise deferred tax assets on some deductible temporary differences and unused tax losses totaling Baht 535.29 million and Baht 561.88 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)

	December 31, 2019	December 31, 2018
Provision for impairment of investment	328,405,463	328,405,463
Provision for impairment of fixed asset	15,514,867	15,524,172
Provision for employees benefits	5,610,307	5,561,805
Provision for impairment of other asset	736,541	1,244,680
Loss carry forward	185,021,993	211,141,995
Total	535,289,171	561,878,115

The tax losses will be expired in 2019-2024. 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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16. 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)	
	December 31, 2019	December 31, 2018
Provision for employee benefits - beginning	27,809,027	29,013,975
<u>Add</u> recognised amount	14,535,368	4,540,692
Actuarial loss in other comprehensive income	3,365,127	-
Loss from payment employee benefits	19,683,480	-
<u>Less</u> liability decreases from actual paid	(36,467,045)	(5,745,640)
(Reversal) Long service year award	(874,423)	-
Provision for employee benefits - ending	<u>28,051,534</u>	<u>27,809,027</u>
Present value of unfunded obligation as at December 31	<u>28,051,534</u>	<u>27,809,027</u>

Provision for employee benefit expenses included in the statements of comprehensive income for the years ended December 31, 2019 and 2018 were as follows:

	(Unit : Baht)	
	December 31, 2019	December 31, 2018
Recognised in profit or loss:		
Current service cost	3,483,252	3,855,618
Interest cost	686,691	685,074
Past service cost	10,365,425	-
Total	<u>14,535,368</u>	<u>4,540,692</u>
Recognised in other comprehensive income:		
Actuarial loss recognised in the year	<u>3,365,127</u>	-

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Principal actuarial assumptions (Actuarial basis)

	As at December 31, 2019	As at December 31, 2018
Discount rate (%)	1.59	2.49
Future salary increases (%)	2	2
Retirement age (year old)	60	60

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2019 are summarized below:

	(Unit : Baht)	
	Change of the present value of the employee benefit obligations increase (decrease)	
	Increase 1%	Decrease 1 %
Discount rate	(2,494,982)	2,854,188
Salary increase rate	2,953,518	(2,623,401)
Turnover rate	(2,607,115)	724,963

The sensitivity analysis presented above may not be representative of the actual change in employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

As at December 31, 2019, the maturity analyses of undiscounted cash flows of benefit payments are as follows:

	(Unit : Baht)
Within 1 year	-
Over 1 and up to 5 years	11,683,404
Over 5 years	79,705,489

On April 5, 2019, Labor Protection Act (No. 7) B.E. 2019, Which specifies additional compensation rates in the event that the employer terminates employment. For employees who have worked consecutively for 20 years or more, they are entitled to compensation not less than the final rate of 400 days, which has been announced in the Government Gazette. The said law will come into effect from May 5, 2019 onwards, which is considered a revision of the project for post-employment benefit plans. The Company has recorded the impact of these changes, in which the Company has recognized service costs in the past as expenses in the income statements in the period in which the said laws have been effective., Amount of 10.37 million baht

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17. OTHER INCOME

For the year ended December 31, 2019 and 2018 are as follows:

	(Unit : Baht)	
	2019	2018
Gain on exchange rate	13,581,022	176,274
Interest income	38,455	12,196
Gain from disposal of assets	-	5,210,131
Revenue from raw material sales	1,894,673	17,215,610
Other income	12,556,275	19,733,561
Total	<u><u>28,070,425</u></u>	<u><u>42,347,772</u></u>

18. INCOME TAX

Income tax (expenses) revenue for the year ended December 31, 2019 and 2018 are made up as follows:

	(Unit : Baht)	
	2019	2018
Current Income tax:		
Income tax	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	2,122,774	(849,610)
Income tax (expense) revenue reported in the statements of comprehensive income	<u><u>2,122,774</u></u>	<u><u>(849,610)</u></u>
Income tax reduction		

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

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19. EARNINGS (LOSS) PER SHARE

BASIC EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share for the for the years ended December 31, 2019 and 2018 was based on the profit (loss) for the year attributable to equity holders of the Company and weighted average number of ordinary shares (Basic) issued during for the years ended December 31, 2019 and 2018.

Net Profit (loss) for the years

	(Unit : Million Baht)	
	2019	2018
For the years ended December 31,	(185)	(104)

Weighted average number of ordinary shares (Basic)

	(Unit : Million Share)	
	2019	2018
Number of ordinary shares outstanding at the beginning of the years	2,047	2,047
Effect of shares issued during the year	-	-
Weighted average number of ordinary shares outstanding during the years (Basic)	<u>2,047</u>	<u>2,047</u>
Basic earnings (loss) per share from continuing operations (Unit: Baht)	<u>(0.090)</u>	<u>(0.051)</u>

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
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20. 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 others. Details of financial information shown separately by geographical are as follows: -

For the year ended December 31, 2019 and 2018

	(Unit : Million Baht)	
	2019	2018
Revenue from sales - Domestic	605	1,110
Revenue from sales - Foreign		
Asia	167	231
Europe	23	40
American	7	19
Others	132	167
Total revenue from sales	<u>934</u>	<u>1,567</u>

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
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21. DISCLOSURE OF SEGMENT BUSINESS OPERATION

For the years ended December 31, 2019 and 2018 details of significant expenses by nature are as follows :-

	(Unit : Baht)	
	2019	2018
Salary and wages and other employee benefits	163,021,194	171,159,637
Depreciation	85,053,293	92,095,402
Amortization	12,079,477	14,112,639
Shut down expenses	83,909,180	64,943,589
Raw materials and consumables used	636,078,359	1,247,708,751
Changes in inventories of finished goods and work in	77,139,922	16,388,936
Loss on written-off assets and supplies	15,765	40,091
Loss on impairment of spare parts supplies and raw materials	1,647,606	-
Unclaimed withholding tax	781,597	536,166

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
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22. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 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: -

22.1 Had outstanding bank guarantees issued on behalf of the Company and for which it is contingently liabilities to the Customs Department, Provincial Electricity Authority and Metropolitan Electricity Authority amounting to approximately Baht 2.59 million.

22.2 Had unused letters of credit, liabilities under trust receipts and promissory notes in amount of approximately Baht 80.64 million.

22.3 The company has the litigation as following

22.3.1 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.

On August 1, 2019, the Supreme Court ruled that the liability of the third defendant must not more than Baht 600 million plus interest at the rate of 7.5% per annum of the such principal from October 31, 2007 until the pledge is forced to complete. In addition to the such judgment, let to comply with the judgment of the Court of Appeal.

22.3.2 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 (22.3.1) 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.

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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 Supreme Court ruled the third defendant must be liable under the pledge agreement to the plaintiff in the amount specified in the contract plus interest at the rate of 7.5% per annum, 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.

22.3.3 On July 27, 2019, the Company has sued by a creditor to the Central Bankruptcy Court and the creditor claimed that the Company has defaulted on payment of debts in the amount to Baht 83.91 million, On December 3, 2019, the Company and the creditor agree with the debt in the amount of Baht 61.40 million, with the same payment to amount of Baht 31 million and the remaining amount will be paid within 6 month from the date of agreement. If not, the creditor has the right to charge interest at the rate of 7.5% per annum of the outstanding amount. However, the creditor submitted a petition to withdraw the case and the court had considered the case for the creditors to withdraw the lawsuit in the case. The Company lawyer have the opinion that on the that day, the Company and the creditors can agree on the terms of repayment. The result of the case therefore appears that the creditors agreed on the agreement and proceeded with the request to withdraw the case from the court the court has issued an order allowing the case to be discharged from the directory. The company therefore has no obligation in excess of the agreed debt.

23. FINANCIAL INSTRUMENTS

Policy to manage financial risk

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

Risk on Interest Rate

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.

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
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	(Unit : Baht)								
	Fixed interest rates		Floating interest rate		Non – interest bearing		Total		Interest rate
	2019	2018	2019	2018	2019	2018	2019	2018	% per annum
Financial assets									
Cash and cash equivalents	11,087	10,995	16,114,767	476,800	3,892,967	973,738	20,018,821	1,461,533	0.375 – 1%
Trade and other current account receivables	-	-	-	-	5,621,041	171,053,034	5,621,041	171,053,034	-
Other current assets	-	-	-	-	2,633,816	6,939,746	2,633,816	6,939,746	-
Other non-current assets	-	-	-	-	279,367	873,298	279,367	873,298	-
Total	11,087	10,995	16,114,767	476,800	12,427,191	179,839,816	28,553,045	180,327,611	
Financial liabilities									
Bank overdrafts and short-term loans from financial institutions	-	-	276,175,033	405,840,479	-	-	276,175,033	405,840,479	2.00 – 8.62 %
Trade and other current payables - other	-	-	-	-	113,938,245	265,989,744	113,938,245	265,989,744	-
Short-term borrowings - Related company	-	-	30,000,000	80,000,000	-	-	30,000,000	80,000,000	5.87 - 6.12 %
Loans under debt restructuring	-	-	660,225,388	520,528,201	-	-	660,225,388	520,528,201	4.10 - 8.62%
Provisions for employee benefits	28,051,534	27,809,027	-	-	-	-	28,051,534	27,809,027	1.59 - 2.49 %
Other current liabilities	-	-	-	-	776,613	1,111,462	776,613	1,111,462	-
Total	28,051,534	27,809,027	966,400,421	1,006,368,680	114,714,858	267,101,206	1,109,166,813	1,301,278,913	

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2019**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, 2019 and 2018, the Company possessed material assets and liabilities in foreign currencies as follows :-

		(Unit : Thousand)	
	Currency	December 31, 2019	December 31, 2018
Assets	US Dollar	-	700
	EURO	-	46
	GBP	-	15
Liabilities	US Dollar	88	10,701
	EURO	-	6
	YEN	14	14

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

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.

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.

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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)	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Financial assets measured at fair value		
Land used in operations (level 2)	475	475

24. 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, 2019 and 2018, debt to equity ratio in the financial statements are 12.25:1 and 4.99:1.00, respectively.

25. APPROVAL OF FINANCIAL STATEMENTS

Board of directors of Thai Film Industries Public Company Limited has approved these interim financial statements on February 18, 2020.