

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED
AND IT'S SUBSIDIARIES
INTERIM FINANCIAL REPORTING
FOR THE THREE-MONTH AND NINE-MONTH PERIOD
ENDED SEPTEMBER 30, 2018
AND REVIEW REPORT OF INDEPENDENT'S AUDITOR**

Independent Auditor's Report on Review of Interim Financial

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

I have reviewed accompanying separate statements of financial position as September 30, 2018, the separate statements of comprehensive income for the three-month and nine-month period ended September 30, 2018, changes in equity and cash flows the nine-month period ended September 30, 2018, and condensed notes ("Interim financial information") of Thai Film Industries Public Company Limited. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Bases for Disclaimer of Conclusion

(a) As discussed in Note 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 Company did not file a lawsuit against the Supreme Court.

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.

(b) As discussed in Note 21 to the financial statements, as at September 30, 2018, the Company has shareholders' equity amounting to Baht 331.42 million, excluded the contingently liabilities on the sued case in Note 17.4 (2) which the Central Intellectual Property and International Trade Court sentenced the Company jointly to repay Baht 902.3 million with interest at the rate of 7.5% per annum of the principal of Baht 600 million since the date of sue up to the date of completed payment and the Court of Appeal ruled the Company 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. Currently, the shares of an associate company has no value as per Note 17.4 (1) 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 in (a) (1) which it will takes longer time. These factors indicated the existence of material uncertainties about the Company's ability to continue its operation as a going concern.

Disclaimer of Conclusion

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

Other matters

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

The consolidated and separate statements of comprehensive income for the three-month and nine-month period ended September 30, 2017, changes in equity and cash flows the nine-month period ended September 30, 2017, of Thai Film Industries Public Company Limited and its subsidiaries, presented herewith for comparative purpose only, were reviewed by another auditor in my firm, and concluded a disclaimer in his report dated on November 9, 2017.

Mr.Jirote Sirirorote

Certified Public Accountant (Thailand) No. 5113

Karin Audit Company Limited

November 14, 2018

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2018

		(Unit : Thousand Baht)	
		Separate	
		September 30, 2018	December 31, 2017
		"UNAUDITED"	"AUDITED"
		"REVIEWED"	
	Notes		
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,639	56,367
Trade and other current receivables - net	4	225,736	245,773
Inventories - net	5	176,189	203,396
Spare parts and supplies - net		55,207	55,544
Advance for Investment - net	6	-	-
Other current assets		6,810	7,759
TOTAL CURRENT ASSETS		466,581	568,839
NON-CURRENT ASSETS			
Restricted bank deposits		-	1,040
Investments in associated companies under absolute order control of property - net	7	-	-
Other long-term investments related companies - net	8	-	-
Loans to related companies - net	3.1	-	-
Land used in operation - at appraised value	9	474,877	474,877
Plant and equipment used in operation - net	10	624,570	665,092
Property, plant and equipment not used in operation - net	11	277,458	301,917
Other non-current assets		1,276	6,841
TOTAL NON-CURRENT ASSETS		1,378,181	1,449,767
TOTAL ASSETS		1,844,762	2,018,606

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2018

(Unit : Thousand Baht)

	Notes	Separate	
		September 30, 2018	December 31, 2017
		"UNAUDITED" "REVIEWED"	"AUDITED"
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Bank overdrafts and short-term loans from financial institutions	12	403,445	24,087
Trade and other current payables - other	3.1	270,422	170,708
Short-term borrowings - Related companies	3.1	80,000	80,000
Current loans under debt restructuring agreements	13	408,160	892,466
Current provisions for employee benefits		190	2,175
Other current liabilities		1,674	629
TOTAL CURRENT LIABILITIES		1,163,891	1,170,065
NON-CURRENT LIABILITIES			
Non-current loans under debt restructuring agreements	13	170,557	277,985
Deferred tax liabilities		148,625	148,403
Non-current provisions for employee benefit		30,270	26,839
TOTAL NON-CURRENT LIABILITIES		349,452	453,227
TOTAL LIABILITIES		1,513,343	1,623,292
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		(1,817,163)	(1,753,268)
Other components of equity		189,832	189,832
TOTAL EQUITY		331,419	395,314
TOTAL LIABILITIES AND EQUITY		1,844,762	2,018,606

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

"UNAUDITED"
 "REVIEWED"

(Unit : Thousand Baht)

	Notes	Consolidated		
		2017	2018	2017
Sales	16	416,265	400,432	416,265
Costs of sales	3.2	(384,319)	(379,352)	(384,319)
Gross profit margin		31,946	21,080	31,946
Other income	14	11,603	17,852	11,603
Distribution costs	3.2	(12,624)	(11,343)	(12,624)
Administrative expenses	3.2	(47,347)	(44,742)	(47,190)
Finance costs	3.2	(36,090)	(10,451)	(36,089)
Profit (loss) before income tax expense		(52,512)	(27,604)	(52,354)
Tax (expense) income		(495)	(73)	(495)
Profit (loss) for the periods		(53,007)	(27,677)	(52,849)
Other comprehensive income		-	-	-
Total comprehensive income (expense) for the periods		(53,007)	(27,677)	(52,849)
Profit (loss) attributable to				
Owners of parent		(53,007)	(27,677)	(52,849)
Non-controlling Interests		-	-	-
		(53,007)	(27,677)	(52,849)
Total comprehensive income (expense) attributable to				
Owners of parent		(53,007)	(27,677)	(52,849)
Non-controlling Interests		-	-	-
		(53,007)	(27,677)	(52,849)
Basic earnings (loss) per share				
Basic earnings (loss) per share from continuing operations	15	(0.026)	(0.014)	(0.026)

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

"UNAUDITED"
 "REVIEWED"

(Unit : Thousand Baht)

	Notes	Consolidated		
		2017	2018	2017
Sales	16	1,280,257	1,235,012	1,280,257
Costs of sales	3.2	(1,169,033)	(1,142,378)	(1,169,033)
Gross profit margin		111,224	92,634	111,224
Other income	14	32,022	32,950	32,020
Distribution costs	3.2	(37,854)	(34,933)	(37,854)
Administrative expenses	3.2	(145,137)	(131,391)	(144,903)
Loss on exchange rate		-	(1,106)	-
Finance costs	3.2	(107,778)	(21,827)	(107,776)
Profit (loss) before income tax expense		(147,523)	(63,673)	(147,289)
Tax (expense) income		(745)	(222)	(745)
Profit (loss) for the periods		(148,268)	(63,895)	(148,034)
Other comprehensive income		-	-	-
Total comprehensive income (expense) for the periods		(148,268)	(63,895)	(148,034)
Profit (loss) attributable to				
Owners of parent		(148,268)	(63,895)	(148,034)
Non-controlling Interests		-	-	-
		(148,268)	(63,895)	(148,034)
Total comprehensive income (expense) attributable to				
Owners of parent		(148,268)	(63,895)	(148,034)
Non-controlling Interests		-	-	-
		(148,268)	(63,895)	(148,034)
Basic earnings (loss) per share				
Basic earnings (loss) per share from continuing operations	15	(0.072)	(0.031)	(0.072)

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

"UNAUDITED"

STATEMENTS OF CHANGES IN EQUITY

"REVIEWED"

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

(Unit : Thousand Baht)

Consolidated												
Equity attributable to owners of the parent												
Notes	Share capital issued and paid-up	Discount on share capital	Deficit			Other components of equity				Total equity attributable to owners of the parent	Non Controlling interests	Total
			Appropriated	Unappropriated	Total	Other comprehensive income			Total other components of equity			
						Capital surplus from land revaluation	Capital surplus from machinery revaluation	Total other comprehensive income				
Balance as at January 1, 2017	2,047,500	(88,750)	-	(1,500,483)	(1,500,483)	189,832	-	189,832	189,832	648,099	-	648,099
Total comprehensive income (expense) for the periods	-	-	-	(148,268)	(148,268)	-	-	-	-	(148,268)	-	(148,268)
Ending balance as at September 30, 2017	<u>2,047,500</u>	<u>(88,750)</u>	<u>-</u>	<u>(1,648,751)</u>	<u>(1,648,751)</u>	<u>189,832</u>	<u>-</u>	<u>189,832</u>	<u>189,832</u>	<u>499,831</u>	<u>-</u>	<u>499,831</u>

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

"UNAUDITED"

"REVIEWED"

(Unit : Thousand Baht)

Notes	Separate									
	Share capital issued and paid-up	Discount on share capital	Deficit			Other components of equity				
			Appropriated	Unappropriated	Total	Other comprehensive income			Total other components of equity	Total
						Capital surplus from land revaluation	Capital surplus from machinery revaluation	Total other comprehensive income		
Balance as at January 1, 2017	2,047,500	(88,750)	-	(1,501,417)	(1,501,417)	189,832	-	189,832	189,832	647,165
Total comprehensive income (expense) for the periods	-	-	-	(148,034)	(148,034)	-	-	-	-	(148,034)
Ending balance as at September 30, 2017	<u>2,047,500</u>	<u>(88,750)</u>	<u>-</u>	<u>(1,649,451)</u>	<u>(1,649,451)</u>	<u>189,832</u>	<u>-</u>	<u>189,832</u>	<u>189,832</u>	<u>499,131</u>
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	-	-	-	(63,895)	(63,895)	-	-	-	-	(63,895)
Ending balance as at September 30, 2018	<u>2,047,500</u>	<u>(88,750)</u>	<u>-</u>	<u>(1,817,163)</u>	<u>(1,817,163)</u>	<u>189,832</u>	<u>-</u>	<u>189,832</u>	<u>189,832</u>	<u>331,419</u>

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

"UNAUDITED"
"REVIEWED"

(Unit : Thousand Baht)

	Consolidated		Separate	
	2017	2018	2017	
Cash flows from operating activities				
Profit (loss) for the periods	(148,268)	(63,895)	(148,034)	
Adjustments to reconcile profit (loss) for the periods to net cash				
Income tax expense (income)	745	222	745	
(Increase) Decrease in Trade and other current receivables	25,930	19,777	25,929	
(Increase) Decrease in Inventories	(33,414)	24,604	(33,414)	
(Increase) Decrease in Spare parts and supplies	3,437	341	3,437	
(Increase) Decrease in Other current assets	(12,163)	(9,885)	(12,163)	
(Increase) Decrease in Non-current assets	(2,663)	5,564	(2,663)	
Increase (Decrease) in Trade and other current payables	53,732	98,130	53,651	
Increase (Decrease) in Provisions for employee benefits	(952)	(1,966)	(952)	
Increase (Decrease) in Other current liabilities	(24)	1,045	(24)	
(Reversal of) allowance for obsoleted stock	1,687	2,599	1,687	
Depreciation	75,908	69,828	75,908	
Amortization expenses	11,855	10,835	11,855	
Provision for employee benefits	5,821	3,412	5,821	
Unrealized (gain) loss on exchange rate	503	(366)	503	
(gain) loss on sale off assets	-	(5,210)	-	
Loss on written off assets	169	30	169	
(Reversal of) loss on impairment of assets	-	(332)	-	
Allowance for loan receivable and accrued interest receivable to subsidiaries (reverse)	-	-	(9,454)	
Bad Debt for loan receivable and accrued interest receivable to subsidiaries	-	-	9,454	
Allowance for trade account receivable (reverse)	(896)	-	(896)	
Bad Debt	1,359	-	1,359	
Interest expenses	105,743	17,837	105,743	
Interest incomes	(158)	(14)	(156)	
Total adjustments to reconcile profit (loss) for the periods	236,619	236,451	236,539	
Net cash flows provided (used in) from operating activities	88,351	172,556	88,505	

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 STATEMENTS OF CASH FLOWS
 FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

"UNAUDITED"
 "REVIEWED"

(Unit : Thousand Baht)

	(Unit : Thousand Baht)		
	Consolidated	Separate	
	2017	2018	2017
Cash flows from investing activities			
(Increase) Decrease in restricted bank deposits	(10)	1,039	(10)
Interest income received	94	22	92
Cash received from sales assets	-	9,389	-
Purchase of property, plant and equipment	(16,638)	(8,723)	(16,638)
Net cash flows provided (used in) from investing activities	(16,554)	1,727	(16,556)
Cash flows from financing activities			
Increase (Decrease) in bank overdrafts and short-term loans from financial Institutions	(119,499)	378,588	(119,499)
Increase (Decrease) current loans under debt restructuring agreements	-	(591,730)	-
Cash received from short-term borrowings - Related companies	80,000	-	80,000
Cash paid for interest expenses	(13,069)	(14,869)	(13,069)
Net cash flows provided (used in) from financing activities	(52,568)	(228,011)	(52,568)
CASH AND CASH EQUIVALENTS INCREASE (DECREASE) - NET	19,229	(53,728)	19,381
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF PERIOD	72,690	56,367	71,604
CASH AND CASH EQUIVALENTS AS AT THE END OF PERIOD	91,919	2,639	90,985
Cash and cash equivalents			
Consist of:			
Cash on hand	105	81	81
Cash at banks - current accounts	3,441	2,068	3,436
Cash at banks - savings accounts	88,373	479	87,468
Cash at banks - fixed account	-	11	-
	91,919	2,639	90,985

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018

1. GENERAL

Thai Film Industries Public Company Limited was registered in Thailand on March 3, 1983 with the registration number 882/2526. It was later registered a conversion to a public company limited on February 1, 1994 with the registration number 0107537000386. The major shareholders are Mahagitsiri family. The Company is engaged in manufacturing of packaging film. Presently, the Company has offices located at the following addresses:

- a) Head Office and Factory : 73/3 Moo 4, Bangna- Trad Road KM.13, Bangchalong, Bangplee, Sumutprakarn.
- b) Factory : 327 Moo 8, Mabkha, Nihompattana District, Rayong.

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

2.1 Basis for interim financial statements preparation

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

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

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

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018

2.2 Principles of consolidation

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

	Company Name	Nature of Business	Percentage of Shareholding	
			September 30, 2018 (%)	September 30, 2017 (%)
<u>Subsidiary liquidated</u>				
1.	TFI Trading Co., Ltd.	Involving in renewable energy	-	99.99
<u>Indirect subsidiaries liquidated</u>				
2.	TFI Power (Korat 1) Co., Ltd.	Involving in renewable energy	-	99.96
3.	TFI Power (Korat 2) Co., Ltd.	Involving in renewable energy	-	99.96
4.	TFI Power (Korat 3) Co., Ltd.	Involving in renewable energy	-	99.96
5.	TFI Power (Korat 4) Co., Ltd.	Involving in renewable energy	-	99.96

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

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

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

2.3 Functional and presentation currency

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

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018

2.4 Significant accounting policies

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

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

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

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes

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

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

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

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

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018

2.4.2 Financial reporting standard that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after January 1, 2019. Key principles of this standard are summarized below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. 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 the relevant facts and circumstances when applying each step of the model.

At present, the management of the Company is evaluating the impact of this standard to the financial statements in the year when it is adopted.

2.5 Estimation

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

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

3. TRANSACTIONS WITH RELATED PARTIES

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

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

“UNAUDITED”

“REVIEWED”

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018

3.1 Inter-assets and liabilities

	(Unit : Thousand Baht)	
	Separate	
	September 30, 2018	December 31, 2017
Loan to related companies		
Thai Film Bangladesh Co., Ltd.	37,965	37,965
<u>Less allowance for doubtful accounts</u>	<u>(37,965)</u>	<u>(37,965)</u>
Total	<u>-</u>	<u>-</u>
Short-term borrowings - Related companies		
PM Group Co., Ltd.	<u>80,000</u>	<u>80,000</u>
Accrued interest expenses		
PM Group Co., Ltd.	<u>13</u>	<u>27</u>
Movement of short-term loans		
Beginning balance	80,000	-
Increase during in the periods	-	80,000
Payment during in the periods	-	-
Ending balance	<u>80,000</u>	<u>80,000</u>

As at September 30, 2018 and December 31, 2017, the Company has short-term loan under promissory note amount of Baht 80 million, due at call without any collateral and interest rate at MOR-1% per annum.

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

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3.2 Inter- revenue and expense

For the three-month period ended September 30, 2018 and 2017 as follow:

	(Unit : Thousand Baht)		
	Consolidated	Separate	
	2017	2018	2017
Interest expense			
PM Group Co., Ltd.	1,234	1,234	1,234
Key management personnel compensation			
Short-term employee benefits	10,194	10,504	10,194
Long-term employee benefits	887	453	887
Total	11,081	10,957	11,081

For the nine-month period ended September 30, 2018 and 2017 as follow:

	(Unit : Thousand Baht)		
	Consolidated	Separate	
	2017	2018	2017
Interest expense			
PM Group Co., Ltd.	2,964	3,662	2,964
Key management personnel compensation			
Short-term employee benefits	32,385	31,656	32,385
Long-term employee benefits	2,683	1,384	2,683
Total	35,068	33,040	35,068

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4. TRADE AND OTHER CURRENT RECEIVABLES - Net

Consist of :-

	(Unit : Thousand Baht)	
	Separate	
	September 30, 2018	December 31, 2017
Trade and other current receivables		
- Trade accounts receivable	205,729	226,395
- Other current receivable	20,007	19,378
Total trade and other current receivables	225,736	245,773

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

	(Unit : Thousand Baht)	
	Separate	
	September 30, 2018	December 31,2017
<u>Domestic trade accounts receivable</u>		
Trade accounts receivable within credit term	111,468	125,634
Aging of trade accounts receivable :-		
Less than 3 months	39,829	43,527
Over 3 months to 6 months	-	-
Over 6 months to 9 months	-	-
Over 9 months	-	-
Total	151,297	169,161
<u>Foreign trade accounts receivable</u>		
Trade accounts receivable within credit term	27,155	31,960
Aging of trade accounts receivable :-		
Less than 3 months	5,213	8,175
Over 3 months to 6 months	-	-
Over 6 months to 9 months	-	-
Over 9 months	-	-
Total	32,368	40,135
Notes receivable	22,064	17,099
<u>Less</u> allowance for doubtful accounts	-	-
Net	205,729	226,395

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

	(Unit : Thousand Baht)	
	Separate	
	September 30, 2018	December 31, 2017
Beginning balance	-	896
Increase	-	-
Decrease	-	(896)
Ending balance	-	-

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

5. INVENTORIES - Net

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

	(Unit : Thousand Baht)	
	Separate	
	September 30, 2018	December 31, 2017
Beginning balance	4,800	3,028
Increase	2,603	1,772
Decrease	-	-
Ending balance	7,403	4,800

6. ADVANCE FOR INVESTMENT – Net

Consist of :-

	(Unit : Thousand Baht)	
	Separate	
	September 30, 2018	December 31, 2017
Advance for investment	45,594	45,594
Less Allowance for doubtful accounts	(45,594)	(45,594)
Net	-	-

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7. INVESTMENTS IN ASSOCIATED COMPANIES - Net

Investments in associated companies in the separate financial statements as at September 30, 2018 and December 31, 2017, consist of:

Company name	Country of business	Type of business	(Million Baht)		(Percent)		(Million Baht)	
			Paid up Capital		Percentage of holding		Cost Method	
			September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Thai Copper Industries Pcl.	Thailand	Pure Copper	8,010	8,010	18.96	18.96	1,518.98	1,518.98
<u>Less Allowance for impairment of investment</u>							<u>(1,518.98)</u>	<u>(1,518.98)</u>
Net							<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.

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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 (Unit : Thousand Baht)	
				September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Thai Film Bangladesh Co., Ltd.	Bangladesh	Packaging Film	Taka 112 million (Bangladesh Taka currency)	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>	<u><u>-</u></u>

9. LAND USED IN OPERATION – AT APPRAISED VALUE

As at September 30, 2018 and December 31, 2017, land used in operation was re-appraised according to the report of independent appraiser (K.K. Valuation Co., Ltd.) at market approach value date January 6 and 11, 2016 which appraisal date was December 28 - 29, 2015.

10. PLANT AND EQUIPMENT USED IN OPERATION – Net

Consist of :-

	(Unit : Thousand Baht)
	Separate
Cost:-	
Net book value as at January 1, 2018	665,092
Purchase	8,723
Sale	(253)
Written off	(30)
Depreciation for the period	(48,962)
Net book value as at September 30, 2018	<u><u>624,570</u></u>

Depreciation for nine-month periods ended September 30, 2018 and 2017, amounted to Baht 23.29 million and Baht 29.55 million, respectively, are included in cost of sales, and Baht 25.67 million and Baht 45.33 million, respectively, are included in selling and administrative expenses.

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As at September 30, 2018 and December 31, 2017, the Company has building, machineries and equipment at book value that fully depreciated but still in use at Baht 110.71 million and Baht 77.93 million, respectively.

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

Consist of:-

	(Unit : Thousand Baht)
	Separate
Cost:-	
Net book value as at January 1, 2018	301,917
Sale	(3,925)
Impairment reversal	332
Depreciation for the period	(20,866)
Net book value as at September 30, 2018	<u>277,458</u>

As at September 30, 2018, lands and machineries not used in operation, which cost of Baht 74 million and Baht 1,063.28 million, respectively, were re-appraised according to reports of independent appraiser (K.K. Valuation Co., Ltd. and UK Valuations and Agency Co., Ltd., respectively) date January 6, 2016 (for land) and date December 30, 2015 (for machineries) which appraisal date was December 28, 2015 (for land) and December 29, 2015 (for machineries). That using market value method and net replacement cost method, respectively. And allowance for impairment of such lands and machineries were amount of Baht 35.05 million and Baht 37.56 million, respectively.

During the year 2018, the Company sold some non-operating machinery with a book value of Baht 3.59 million and gain on disposal of assets of Baht 4.31 million.

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

As at September 30, 2018 and December 31, 2017, the Company has bank overdrafts, packing credits, liabilities under trust receipts, promissory notes, letters of credit and letters of guarantee which were credit facilities received from local banks as follows: -

				(Unit : Million Baht)
Currency	September 30, 2018	Bank charge and Interest rate Per annum	December 31, 2017	Bank charge and Interest rate Per annum
Baht	885	2.00 – 8.620	885	2.00 – 8.620

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13. LOANS UNDER DEBT RESTRUCTURING AGREEMENT

Loans under debt restructuring agreements as at September 30, 2018, consisted of:

	(Unit : Thousand Baht)	
	Separate	
	September 30, 2018	December 31, 2017
Loans under debt restructuring agreements	578,717	1,170,451
<u>Less: Current-portion due within one year</u>	<u>(408,160)</u>	<u>(892,466)</u>
	<u>170,557</u>	<u>277,985</u>

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

Long-term loan

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

Short-term loan

1. Reduction of interest rate from 18% to normal rate under contract.
2. The Company agree to settle remaining debts and accrued interest totaling Baht 948.69 million as follows:
 - 2.1 Repayment of principal within 24 months starting from December 2017 to December 2019
 - 2.2 Repayment of interest within 36 months (12 months free of charge), starting from January 2019 to December 2020
3. The Bank will waive accrued interest amounting to Baht 116.57 million when the Company completely settle debts under the agreement. In case that the Company can comply with all conditions of loans, the Company has estimated amounts to be paid in future lower than amounts recorded of Baht 88.50 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 September 30, 2018 and December 31, 2017, 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 September 30, 2018 and December 31, 2017 totaling Baht 952.69 million and Baht 1,004.17 million, respectively.
- b) New equipment or supplies for machineries acquired to replace the mortgaged assets shall be determined as related mortgaged assets.

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14. OTHER INCOME

For the three-month periods ended September 30, 2018 and 2017 are as follows:

	(Unit : Thousand Baht)		
	Consolidated	Separate	
	2017	2018	2017
Gain on exchange rate	2,285	6,495	2,285
Interest income	68	1	68
Gain from disposal of assets	-	757	-
Revenue from raw material sales	3,290	4,259	3,290
Other income	5,960	6,340	5,960
Total	11,603	17,852	11,603

For the nine-month periods ended September 30, 2018 and 2017 are as follows:

	(Unit : Thousand Baht)		
	Consolidated	Separate	
	2017	2018	2017
Gain on exchange rate	8,506	-	8,506
Interest income	158	14	156
Gain from disposal of assets	-	5,210	-
Revenue from raw material sales	15,275	12,918	15,275
Other income	8,083	14,808	8,083
Total	32,022	32,950	32,020

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15. BASIC EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share for the three-month and nine-month periods ended September 30, 2018 and 2017 were calculated by dividing net profit (loss) for the periods by weighted average number of ordinary shares issued during for the three-month and nine-month periods ended September 30, 2018 and 2017.

Net Profit (loss) for the periods

	(Unit : Million Baht)		
	Consolidated	Separate	
	2017	2018	2017
For the three-month periods ended September 30,	(53)	(28)	(53)
For the nine-month periods ended September 30,	(148)	(64)	(148)

Weighted average number of ordinary shares (Basic)

	(Unit : Million shares)		
	Consolidated	Separate	
	2017	2018	2017
Weighted average number of ordinary shares outstanding during the periods (Basic)	2,048	2,048	2,048
Basic earnings (loss) per share from continuing operations			
For the three-month periods ended September 30,	(0.026)	(0.014)	(0.026)
For the nine-month periods ended September 30,	(0.072)	(0.031)	(0.072)

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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 September 30, 2018 and 2017

	(Unit : Million Baht)		
	Consolidated	Separate	
	2017	2018	2017
Revenue from sales -Domestic	294	267	294
Revenue from sales -Foreign			
Asia	62	67	62
Europe	16	6	16
American	2	5	2
Others	42	55	42
Total revenue from sales	<u>416</u>	<u>400</u>	<u>416</u>

For the nine-month periods ended September 30, 2018 and 2017

	(Unit : Million Baht)		
	Consolidated	Separate	
	2017	2018	2017
Revenue from sales -Domestic	917	885	917
Revenue from sales -Foreign			
Asia	186	177	186
Europe	43	26	43
American	13	17	13
Others	121	130	121
Total revenue from sales	<u>1,280</u>	<u>1,235</u>	<u>1,280</u>

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17. COMMITMENTS AND CONTINGENT LIABILITIES

As at September 30, 2018, in addition to the liabilities reflected in the statements of financial position, Thai Film Industries Public Company Limited still have commitments and contingent liabilities as follows: -

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 6.32 million.

17.2 Had unused letters of credit, liabilities under trust receipts and promissory notes in amount of approximately Baht 1.08 million.

17.3 The Company has export guaranteed entered with a commercial bank to guarantee against the risk in receiving the payment of exporting goods from the purchaser or the purchaser's bank overseas. The Company holds the right to the export guaranteed at Baht 16.08 million.

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 Company did not file a lawsuit against the Supreme Court.

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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 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.

Risk on Interest Rate

Risk on interest rates is derived from the change of the market interest rate in the future, which will affect upon the Company operating results and cash flows, because the Company has deposits and loans from financial institutions however this financial assets and liabilities bear interest rates comparable to market interest rates. The Company believes that no material risk derived from interest rates.

Risk on Exchange Rate

Risks on exchange rates mainly involve with sales of goods and imports of raw material because of business transaction are foreign currencies. As at September 30, 2018 and December 31, 2017, the Company possessed material assets and liabilities in foreign currencies as follows: -

		(Unit : Thousand)	
	Currency	September 30, 2018	December 31, 2017
Assets	US Dollar	931	865
	EURO	24	246
Liabilities	US Dollar	9,828	3,380
	EURO	3	6
	YEN	21	21

As at September 30, 2018, there was forward contracts sold amount of USD 2.97 million.

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Credit Risk

The Company has risk on credit regarding to trade accounts receivable which the counter party unaffordable or unwillingly follow the agreements. However, the Company pursues conservative lending policy and the numbers of debtors are several, the Company does not anticipate any material damage from debt collections.

Fair Value

Since the most of the financial assets and liabilities are short-term and loans bearing interest rates closed to market rates, the Company management believes such book value of the financial assets and liabilities are presented in value not materially different from relevant fair value.

19. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT

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

As at September 30, 2018 and December 31, 2017, the Company stated the lands used in operation at the fair value of Baht 475 million which based on market valuation method (level 2).

20. 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 September 3, 2018 and December 31, 2017, debt to equity ratio in the separate financial statements are 4.57:1.00 and 4.11:1.00, respectively.

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21. GOING CONCERN

As at September 30, 2018, the Company has shareholders' equity amounting to Baht 331.42 million, excluded the contingently liabilities on the sued case in Note 17.4 (2) which the Central Intellectual Property and International Trade Court sentenced the Company jointly to repay Baht 902.3 million with interest at the rate of 7.5% per annum of the principal of Baht 600 million since the date of sue up to the date of completed payment and the Court of Appeal ruled the Company 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. Currently, the shares of an associate company has no value as per Note 17.4 (1) 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 in Note 17.4 (1) which it will takes longer time. So, the separate financial statements and the Company's financial statements have been prepared assuming that the Company will continue its operations as a going concern. Accordingly, they do not include any adjustments relating to the recoverability of the carrying value and classification of the assets or the amount and classification of liabilities.

22. APPROVAL OF FINANCIAL STATEMENTS

Board of directors of Thai Film Industries Public Company Limited has approved these interim financial statements on November 14, 2018.