

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED  
AND IT'S SUBSIDIARIES  
INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND SIX-MONTH PERIOD  
ENDED JUNE 30,2014  
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 consolidated and separate statements of financial position of Thai Film Industries Public Company Limited and its subsidiaries, and of Thai Film Industries Public Company Limited, respectively, as at June 30, 2014, the consolidated and separate statements of comprehensive income for the three-month and six-month period ended June 30, 2014, changes in equity and cash flows for the six-month period ended June 30, 2014, and condensed notes ("Interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 (Revised 2012), "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.

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 (Revised 2012), "Interim Financial Reporting".

### **Emphasis of Matter**

Without qualifying my conclusion, I draw attention in the notes 24.5 to the interim financial statements, 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 for totaling amount approximately to Baht 839.42 million which was consisted of principal amount of Baht 600 million and interest calculated upto the filing date totaling Baht 239.42 million. On December 24, 2012, the Court ordered to temporarily suspend the filing. Furthermore, on September 30, 2009, the Company was sued by such

bank as the third defendant in the Central Intellectual Property and International Trade Court case number black case file Kor Kor 202/2552 under the pledging the shares of an associated company (the first defendant) as for totaling amount approximately to Baht 902.30 million which was consisted of principal amount of Baht 600 million together with interest calculated upto the filing date (September 30, 2009) amount of Baht 302.30 million. The Court ordered to extend the settlement at Court to be held on September 22, 2014. The Company's lawyer opined that the Company does not have any liability with such bank as the third defendant as the contract pledging the shares of an associated company was already expired. The Company however has sued against the mentioned bank and an Asset Management Corporation in the Civil Court case number black case file 3210/2550 seeking the payment for alleged breach of the pledge of shares agreement of an associated company of Baht 369.60 million, including the request for releasing the pledged shares of the mentioned associated company totaling 60 million shares to the Company. As the fact that the Company sued against the bank, the Company pledged the shares as collateral for the period of 4 years and it was not a guarantor of loan. The loan repayment period was 10 years which the grace period for 3.5 years and the loan will be paid within 6.5 years. The Civil Court passed judgment that the mentioned litigation case should be dismissed and the Appeals Court judged that the period of pledging shares in share agreement is ended as appeal. However the Appeal Court upholds the judgment of the Civil Court for the payment for breaching contract is to dismiss. Later, on November 21, 2012, the Company has filed a petition against the ordered of Appeal Court which the Supreme Court has already filed.

**Other matters**

The consolidated and separate statements of financial position for the year ended 31 December 2013, of Thai Film Industries Public Company Limited and its subsidiaries, presented herewith for comparative purpose only, were audited by another auditor in my firm whose report dated on February 21, 2014, expressed an unqualified opinion on those financial statements the consolidated and separate statements of comprehensive income for the three-month and six-month period ended June 30, 2013, changes in shareholders' equity and cash flows for six-month period ended June 30, 2013, of Thai Film Industries Public Company Limited and its subsidiaries, presented herewith for comparative purpose only, were reviewed by another auditor in my firm, and concluded an unqualifying in her report dated on August 13 2013.

(Mr. Jirote Sirirorote)

Certified Public Accountant

Registration No. 5113

Karin Audit Company Limited

Bangkok

August 13, 2014

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2014

		(Unit : Thousand Baht)			
		Consolidated		Separate	
		June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
		"UNAUDITED"	"AUDITED"	"UNAUDITED"	"AUDITED"
Notes	"REVIEWED"	"REVIEWED"	"REVIEWED"	"REVIEWED"	"REVIEWED"
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
	Cash and cash equivalents	15,030	10,784	13,271	8,784
	Trade accounts receivable and other receivable - net	532,437	529,244	532,437	529,075
	Other receivable - related companies	-	-	96	388
	Inventories - net	397,485	288,138	397,485	288,138
	Spare parts and supplies - net	60,305	55,075	60,305	55,075
	Advance for Investment - net	-	-	-	-
	Loans receivable, advance payments - subsidiary, associated and related companies - net	-	-	15,468	15,483
	Other current assets	69,388	58,218	62,187	51,017
	<b>TOTAL CURRENT ASSETS</b>	<b>1,074,645</b>	<b>941,459</b>	<b>1,081,249</b>	<b>947,960</b>
<b>NON-CURRENT ASSETS</b>					
	Restricted bank deposits	77,000	-	77,000	-
	Investments in subsidiary and associated companies - net	-	-	4,000	2,000
	Other long-term investments				
	Related companies - net	-	-	-	-
	Other company	2,000	2,000	2,000	2,000
	Land used in operation - at appraised value	456,057	456,057	456,057	456,057
	Plant and equipment used in operation - net	1,508,627	1,534,464	1,508,627	1,534,464
	Property, plant and equipment not used in operation - net	145,864	174,158	145,864	174,158
	Other non-current assets	2,006	2,422	2,006	2,422
	<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,191,554</b>	<b>2,169,101</b>	<b>2,195,554</b>	<b>2,171,101</b>
	<b>TOTAL ASSETS</b>	<b>3,266,199</b>	<b>3,110,560</b>	<b>3,276,803</b>	<b>3,119,061</b>

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

THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2014

		(Unit : Thousand Baht)				
		Consolidated		Separate		
		June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013	
		"UNAUDITED"	"AUDITED"	"UNAUDITED"	"AUDITED"	
Notes		"REVIEWED"		"REVIEWED"		
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
	Bank overdrafts and short-term loans from financial institutions	15	625,766	169,658	625,766	169,658
	Trade accounts payable and other payable - other		748,281	725,709	748,206	724,212
	Current portion of long-term loans	16	162,961	197,961	162,961	197,961
	Other current liabilities		897	8,477	895	8,477
	<b>TOTAL CURRENT LIABILITIES</b>		<b>1,537,905</b>	<b>1,101,805</b>	<b>1,537,828</b>	<b>1,100,308</b>
<b>NON-CURRENT LIABILITIES</b>						
	Loans from related company	4.1	-	-	-	-
	Long-term loans - net	16	296,941	395,922	296,941	395,922
	Deferred tax liabilities	17	222,871	242,612	222,871	242,612
	Employee benefit obligations	18	32,910	30,131	32,910	30,131
	<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>552,722</b>	<b>668,665</b>	<b>552,722</b>	<b>668,665</b>
	<b>TOTAL LIABILITIES</b>		<b>2,090,627</b>	<b>1,770,470</b>	<b>2,090,550</b>	<b>1,768,973</b>
<b>EQUITY</b>						
<b>SHARE CAPITAL</b>						
	Authorized share capital	19				
	2,847,500,000 ordinary shares : Baht 1 per share		2,847,500	2,847,500	2,847,500	2,847,500
	Issued and paid-up share capital	19				
	2,047,500,000 ordinary shares : Baht 1 per share		2,047,500	2,047,500	2,047,500	2,047,500
	Discount on common shares		(88,750)	(88,750)	(88,750)	(88,750)
	Retained earnings (Deficits) -Unappropriated		(1,277,397)	(1,187,629)	(1,266,716)	(1,177,631)
	Other components of equity		494,219	568,969	494,219	568,969
	<b>TOTAL EQUITY</b>		<b>1,175,572</b>	<b>1,340,090</b>	<b>1,186,253</b>	<b>1,350,088</b>
	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,266,199</b>	<b>3,110,560</b>	<b>3,276,803</b>	<b>3,119,061</b>

## STATEMENTS OF COMPREHENSIVE INCOME

"REVIEWED"

FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2014

(Unit : Thousand Baht)

	Notes	Consolidated		Separate
		2014	2014	2013
Sales		962,727	962,727	1,033,713
Costs of sales	4.2	(939,634)	(939,634)	(984,791)
<b>Gross profit margin</b>		23,093	23,093	48,922
Other income	4.2 , 20	13,294	13,592	4,368
<b>Profit before expenses</b>		36,387	36,685	53,290
Selling expenses	4.2	(30,685)	(30,685)	(30,812)
Administrative expenses	4.2	(28,705)	(28,666)	(34,043)
<b>Total expenses</b>		(59,390)	(59,351)	(64,855)
<b>Profit (loss) before finance costs</b>		(23,003)	(22,666)	(11,565)
Finance costs	4.2	(20,536)	(20,535)	(28,388)
<b>Profit (loss) before income tax</b>		(43,539)	(43,201)	(39,953)
Revenue income tax (expense)	21	27	27	375
<b>Profit (loss) for the periods</b>		(43,512)	(43,174)	(39,578)
<b>Profit (loss) attributable to:</b>				
Owner of the Company		(43,512)	(43,174)	(39,578)
Non-controlling interests		-	-	-
<b>Total profit (loss) for the periods</b>		(43,512)	(43,174)	(39,578)
<b>Earnings (loss) per Share (Unit : Baht)</b>	22			
Basic earnings (loss) per share (Unit : Baht)		(0.02)	(0.02)	(0.03)
The number of ordinary shares weighted average (Unit :Thousand Shares)		2,047,500	2,047,500	1,365,000

## STATEMENTS OF COMPREHENSIVE INCOME

"REVIEWED"

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

(Unit : Thousand Baht)

	Notes	Consolidated		Separate
		2014	2014	2013
Sales		2,040,860	2,040,860	1,984,723
Costs of sales	4.2	(1,998,046)	(1,998,046)	(1,934,603)
<b>Gross profit margin</b>		42,814	42,814	50,120
Other income	4.2, 20	25,002	25,600	14,475
<b>Profit before expenses</b>		67,816	68,414	64,595
Selling expenses	4.2	(63,672)	(63,672)	(59,672)
Administrative expenses	4.2	(55,624)	(55,540)	(57,078)
<b>Total expenses</b>		(119,296)	(119,212)	(116,750)
<b>Profit (loss) before finance costs</b>		(51,480)	(50,798)	(52,155)
Finance costs	4.2	(39,340)	(39,339)	(56,312)
<b>Profit (loss) before income tax</b>		(90,820)	(90,137)	(108,467)
Revenue income tax (expense)	21	1,052	1,052	2,067
<b>Profit (loss) for the periods</b>		(89,768)	(89,085)	(106,400)
<b>Profit (loss) attributable to:</b>				
Owner of the Company		(89,768)	(89,085)	(106,400)
Non-controlling interests		-	-	-
<b>Total profit (loss) for the periods</b>		(89,768)	(89,085)	(106,400)
<b>Earnings (loss) per Share (Unit : Baht)</b>	22			
Basic earnings (loss) per share (Unit : Baht)		(0.04)	(0.04)	(0.08)
The number of ordinary shares weighted average (Unit :Thousand Shares)		2,047,500	2,047,500	1,365,000

## THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

"UNAUDITED"

## STATEMENTS OF CHANGES IN EQUITY

"REVIEWED"

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

(Unit : Thousand Baht)

		Consolidated									
		Share capital issued and paid-up	Discount on share capital	Deficit		Other components of equity			Equity		
Notes	Appropriated			Unappropriated	Capital surplus from land revaluation	Capital surplus from machinery revaluation	Total other components of equity	attributable to Equity of owner the Company	Non Controlling interests	Total	
	<b>Balance as at January 1, 2014</b>	2,047,500	(88,750)	-	(1,187,629)	174,776	394,193	568,969	1,340,090	-	1,340,090
	Depreciation for capital surplus from machinery revaluation	-	-	-	-	-	(93,438)	(93,438)	(93,438)	-	(93,438)
	Income tax on other components of equity	-	-	-	-	-	18,688	18,688	18,688	-	18,688
	Net Profit (loss) for the periods	-	-	-	(89,768)	-	-	-	(89,768)	-	(89,768)
	<b>Ending balance as at June 30, 2014</b>	2,047,500	(88,750)	-	(1,277,397)	174,776	319,443	494,219	1,175,572	-	1,175,572



## THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

"UNAUDITED"

## STATEMENTS OF CHANGES IN EQUITY

"REVIEWED"

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

(Unit : Thousand Baht)

	Notes	Separate							Total
		Share capital issued and paid-up	Discount on share capital	Deficit		Capital surplus	Capital surplus	Total other	
				Appropriated	Unappropriated	from land revaluation	from machinery revaluation	components of equity	
<b>Balance as at January 1, 2014</b>		2,047,500	(88,750)	-	(1,177,631)	174,776	394,193	568,969	1,350,088
Depreciation for capital surplus from machinery revaluation	13 ,14	-	-	-	-	-	(93,438)	(93,438)	(93,438)
Income tax on other components of equity		-	-	-	-	-	18,688	18,688	18,688
Net Profit (loss) for the periods		-	-	-	(89,085)	-	-	-	(89,085)
<b>Ending balance as at June 30, 2014</b>		<b>2,047,500</b>	<b>(88,750)</b>	<b>-</b>	<b>(1,266,716)</b>	<b>174,776</b>	<b>319,443</b>	<b>494,219</b>	<b>1,186,253</b>
<b>Balance as at January 1, 2013</b>		1,365,000	(88,750)	-	(1,033,648)	174,776	544,951	719,727	962,329
Depreciation for capital surplus from machinery revaluation	13 ,14	-	-	-	-	-	(93,449)	(93,449)	(93,449)
Income tax on other components of equity		-	-	-	-	-	18,690	18,690	18,690
Net Profit (loss) for the periods		-	-	-	(106,400)	-	-	-	(106,400)
<b>Ending balance as at June 30, 2013</b>		<b>1,365,000</b>	<b>(88,750)</b>	<b>-</b>	<b>(1,140,048)</b>	<b>174,776</b>	<b>470,192</b>	<b>644,968</b>	<b>781,170</b>

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014**

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

(Unit : Thousand Baht)

	(Unit : Thousand Baht)		
	Consolidated	Separate	
	2014	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit (loss)	(89,768)	(89,085)	(106,400)
Adjustments to reconcile net profit(loss) to cash received (used ) operating activities			
Allowance for obsoleted stock (Reversal) Increase	1,491	1,491	28
Depreciation	52,036	52,036	50,872
(Profit) from sales assets	-	-	(2,487)
Amortization expenses	16,699	16,699	20,763
Provision for employee benefits	3,509	3,509	4,886
Unclaimed withholding tax	423	423	190
Unrealized (gain) loss on exchange rate	155	155	12,098
Loss on written off assets	15	15	30
Interest expenses	27,618	27,618	46,357
Interest incomes	(225)	(823)	-
Revenue income tax (expense)	(1,052)	(1,052)	(2,067)
Profit from operating activities before changes in operating assets and liabilities	10,901	10,986	24,270
(Increase) Decrease in Trade accounts receivable and other receivable	(3,181)	(3,350)	(111,886)
(Increase) Decrease in Inventories	(110,845)	(110,845)	75,630
(Increase) Decrease in Spare parts and supplies	(5,224)	(5,224)	(3,754)
(Increase) Decrease in Other current assets	(27,867)	(27,867)	(9,250)
(Increase) Decrease in Other non-current assets	(7)	(7)	-
Increase (Decrease) in Trade accounts payable and other payable	20,747	22,170	178,689
Increase (Decrease) in Other current liabilities	(7,581)	(7,582)	222
Cash paid for employee benefits	(730)	(730)	(2,646)
<b>NET CASH RECEIVED (USED) FROM OPERATING ACTIVITIES</b>	(123,787)	(122,449)	151,275

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014**

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

(Unit : Thousand Baht)

	Consolidated		Separate	
	2014	2014	2014	2013
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
(Increase) Decrease in restricted bank deposits	(77,000)	(77,000)	-	-
(Increase) Decrease in loans receivable and Advances to subsidiary companies	-	16	-	-
Interest incomes	6	893	-	-
Cash received from sales investment in subsidiary companies and associated companies	-	1,000	-	-
Cash paid for investment in subsidiary companies and associated companies	-	(3,000)	-	-
Cash received from sales assets	-	-	-	2,487
Purchase of property, plant and equipment	(91,360)	(91,360)	(22,901)	(22,901)
<b>NET CASH RECEIVED (USED) FROM INVESTING ACTIVITIES</b>	<b>(168,354)</b>	<b>(169,451)</b>	<b>(20,414)</b>	<b>(20,414)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase (Decrease) in Loan from Related Parties	-	-	100,000	100,000
Increase (Decrease) in bank overdrafts and short-term loans from financial Institutions	456,485	456,485	(77,893)	(77,893)
Repayment of long - term loans	(133,981)	(133,981)	(100,006)	(100,006)
Cash paid for interest expenses	(26,117)	(26,117)	(48,489)	(48,489)
<b>NET CASH RECEIVED (USED) FROM FINANCING ACTIVITIES</b>	<b>296,387</b>	<b>296,387</b>	<b>(126,388)</b>	<b>(126,388)</b>
<b>CASH AND CASH EQUIVALENTS INCREASE(DECREASE) - NET</b>	<b>4,246</b>	<b>4,487</b>	<b>4,473</b>	<b>4,473</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF PERIOD</b>	<b>10,784</b>	<b>8,784</b>	<b>1,254</b>	<b>1,254</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF PERIOD</b>	<b>15,030</b>	<b>13,271</b>	<b>5,727</b>	<b>5,727</b>
<b>Cash and cash equivalents</b>				
Consist of:				
Cash on hand	119	107	107	107
Cash at banks - current accounts	9,246	9,240	5,397	5,397
Cash at banks - savings accounts	4,803	3,062	193	193
Others	862	862	30	30
	<b>15,030</b>	<b>13,271</b>	<b>5,727</b>	<b>5,727</b>

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2014**

**1. GENERAL**

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

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

**2. BASIS OF FINANCIAL STATEMENT PREPARATION**

**2.1 Statement of compliance**

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2012) Interim Financial Reporting; Regulations of the Stock Exchange of Thailand, prepared to provide an update on the financial statements for the year ended December 31, 2013 but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended December 31, 2013.

**2.2 Significant accounting policies**

The Company prepared the interim financial statements for the three month and six-month period ended June 30, 2014 with same accounting policies used in the preparation of the annual financial statements for the year ended December 31, 2013, except as described below.

Effective from January 1, 2014 the interim financial statements are prepared on new and revised TFRS issued by FAP in year 2013 as:

TAS	Topic	Year effective
TAS 1 (revised 2012)	Presentation of financial statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue Recognition	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 28 (revised 2012)	Investments in Associates	2014
TAS 31 (revised 2012)	Interests in Joint Ventures	2014

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2014**

TAS	Topic	Year effective
TAS 34 (revised 2012)	Interim Financial Reports	2014
TAS 36 (revised 2012)	Impairment of Assets	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRS 2 (revised 2012)	Share-based Payment	2014
TFRS 3 (revised 2012)	Business Combinations	2014
TFRS 5 (revised 2012)	Non-current Assets held for Sale and Discontinued Operations	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TFRIC 12	Service Concession Arrangements	2014
TFRIC 13	Customer Loyalty Programmes	2014
TFRIC 17	Distributions of Non-cash Assets to Owners	2014
TFRIC 18	Transfers of Assets from Customers	2014
TIC 15	Operating Leases-Incentives	2014
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2014
TIC 29	Service Concession Arrangements – Disclosure	2014
TIC 32	Intangible Assets-Web Site Costs	2014

**Thai Financial Reporting Standards (TFRS) not yet adopted**

TAS	Topic	Year effective
TFRS 4	Insurance Contracts	2016

Management expects to adopt and apply these new interpretations in accordance with the FAP’s announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new interpretations and expects that there will be no material impact on the financial statements in the period of initial application.

**THAI FILM INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2014**

**2.3 Presentation currency**

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

**2.4 Use of estimates and judgments**

The preparation of interim financial statements in conformity with TFRS requires management to make judgments, 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 these estimates.

Preparing these interim financial statements, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2013. Except for the applying of new and revised TFRS effective for accounting periods beginning on or after January 1, 2014 as mentioned above.

**3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

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

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

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

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

	Company Name	Nature of Business	Rate of Shareholding	
			2014 (%)	2013 (%)
<b><u>Operating subsidiaries</u></b>				
1.	TFI Power Co., Ltd.	Involving in renewable energy	99.99	99.99
2.	TFI Power (Korat 1) Co., Ltd.	Involving in renewable energy	99.96	99.96
3.	TFI Power (Korat 2) Co., Ltd.	Involving in renewable energy	99.96	99.96
4.	TFI Power (Korat 3) Co., Ltd.	Involving in renewable energy	99.96	99.96
5.	TFI Power (Korat 4) Co., Ltd.	Involving in renewable energy	99.96	99.96

The significant accounting transaction between the Company and the subsidiaries were eliminated from the consolidated financial statements.

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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 relation
TFI Power 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
Quality Coffee Product Co., Ltd.	The same shareholders and directors
Thoresen Thai Agencies Pcl.	The same shareholders and directors
PM Riverside Juristic Person	Mutual directors
Riverside Tower Co., Ltd.	Ex - Subsidiary company
Mr. Prayudh Mahagitsiri	Chairman
Mr. Chalermchai Mahagitsiri	Director
Key management personnel	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group Company

**4.1 Inter-Assets and Liabilities**

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
<b>Loan receivable and advance to subsidiary companies</b>				
TFI Power Co., Ltd.	-	-	-	23
TFI Power (Korat 1) Co., Ltd.	-	-	3,867	3,865
TFI Power (Korat 2) Co., Ltd.	-	-	3,867	3,865
TFI Power (Korat 3) Co., Ltd.	-	-	3,867	3,865
TFI Power (Korat 4) Co., Ltd.	-	-	3,867	3,865
<b>Total</b>	-	-	15,468	15,483

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	(Unit : Thousand Baht)			
	Consolidated		Separate	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
<b>Loan to related company</b>				
Thai Film Bangladesh Co., Ltd.	37,965	37,965	37,965	37,965
Less allowance for doubtful debt	(37,965)	(37,965)	(37,965)	(37,965)
Net	-	-	-	-
<b>Total</b>	-	-	15,468	15,483
<b>Accrued interest receivable</b>				
TFI Power Co., Ltd.	-	-	-	-
TFI Power (Korat 1) Co., Ltd.	-	-	24	97
TFI Power (Korat 2) Co., Ltd.	-	-	24	97
TFI Power (Korat 3) Co., Ltd.	-	-	24	97
TFI Power (Korat 4) Co., Ltd.	-	-	24	97
<b>Total</b>	-	-	96	388
<b>Movement of Loan receivable and advance payment</b>				
<b>Beginning</b>	-	-	15,483	-
Increase during in the years	-	-	1,455	15,483
Paid during in the years	-	-	(1,470)	-
<b>Ending</b>	-	-	15,468	15,483
<b>Loan from related company</b>				
PM Group Co., Ltd.				
<b>Beginning</b>	-	-	-	-
Increase during in the years	-	300,000	-	300,000
Paid during in the years	-	(300,000)	-	(300,000)
<b>Ending</b>	-	-	-	-

The Company has loan to its subsidiaries as promissory notes which call on demand at interest rate MOR% per annum.

Short-term loan form related company consisted 2 credit line as follow:

Credit line 1 Short-term loan under promissory note, with the maximum principal amount of Baht 100 million, due at call without any collateral and interest rate at MOR-1% per annum.

Credit Line 2 Short term loan under promissory note with the maximum principal amount of Baht 200 million, due at call without any collateral and interest rate at MOR-1% per annum.



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4.2 Revenue and expense

for the three-month period ended June 30, 2014 and 2013 as follow:

	(Unit : Thousand Baht)		
	Consolidated	Separate	
	2014	2014	2013
<b>Interest income</b>			
TFI Power Co., Ltd.	-	-	-
TFI Power (Korat 1) Co., Ltd.	-	75	-
TFI Power (Korat 2) Co., Ltd.	-	75	-
TFI Power (Korat 3) Co., Ltd.	-	76	-
TFI Power (Korat 4) Co., Ltd.	-	75	-
<b>Total</b>	<b>-</b>	<b>301</b>	<b>-</b>
<b>Interest expense</b>			
PM Group Co., Ltd.	-	-	1,589
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,589</b>
<b>Key management personnel compensation</b>			
Short-term employee benefit	11,783	11,783	12,305
Long-term employee benefit	668	668	754
<b>Total</b>	<b>12,451</b>	<b>12,451</b>	<b>13,059</b>

for the six-month period ended June 30, 2014 and 2013 as follow:

	(Unit : Thousand Baht)		
	Consolidated	Separate	
	2014	2014	2013
<b>Interest income</b>			
TFI Power Co., Ltd.	-	1	-
TFI Power (Korat 1) Co., Ltd.	-	149	-
TFI Power (Korat 2) Co., Ltd.	-	149	-
TFI Power (Korat 3) Co., Ltd.	-	151	-
TFI Power (Korat 4) Co., Ltd.	-	149	-
<b>Total</b>	<b>-</b>	<b>599</b>	<b>-</b>
<b>Interest expense</b>			
PM Group Co., Ltd.	-	-	1,589
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,589</b>

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	(Unit : Thousand Baht)		
	Consolidated	Separate	
	2014	2014	2013
<b>Key management personnel compensation</b>			
Short-term employee benefit	22,384	22,384	24,384
Long-term employee benefit	1,352	1,352	1,864
<b>Total</b>	<u>23,736</u>	<u>23,736</u>	<u>26,248</u>

**5. TRADE ACCOUNTS RECEIVABLE AND OTHER RECEIVABLE RECEIVABLE - Net**

Consist of :-

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Trade accounts receivable and other receivable				
- Trade accounts receivable	517,357	520,342	517,357	520,342
- Other receivable	15,080	8,902	15,080	8,733
Total trade accounts receivable and other receivable	<u>532,437</u>	<u>529,244</u>	<u>532,437</u>	<u>529,075</u>

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The Company has accounts receivable was classified by aging as follows:

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
<u>Domestic Trade Accounts Receivable</u>				
Trade Accounts Receivable within Credit Term	173,275	166,872	173,275	166,872
Aging of Trade Accounts Receivable :-				
Less than 3 Months	124,966	104,914	124,966	104,914
Over 3 Months to 6 Months	-	-	-	-
Over 6 Months to 9 Months	-	-	-	-
Over 9 Months	898	898	898	898
Total	<u>299,139</u>	<u>272,684</u>	<u>299,139</u>	<u>272,684</u>
<u>Foreign Trade Accounts Receivable</u>				
Trade Accounts Receivable within Credit Term	134,496	149,928	134,496	149,928
Aging of Trade Accounts Receivable :-				
Less than 3 Months	22,100	36,863	22,100	36,863
Over 3 Months to 6 Months	-	-	-	-
Over 6 Months to 9 Months	-	-	-	-
Over 9 Months	-	-	-	-
Total	<u>156,596</u>	<u>186,791</u>	<u>156,596</u>	<u>186,791</u>
Notes Receivable	62,518	61,763	62,518	61,763
<u>Less allowance for doubtful accounts</u>	<u>(896)</u>	<u>(896)</u>	<u>(896)</u>	<u>(896)</u>
Net	<u><u>517,357</u></u>	<u><u>520,342</u></u>	<u><u>517,357</u></u>	<u><u>520,342</u></u>

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

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Beginning balance	896	896	896	896
Increase	-	-	-	-
Decrease	-	-	-	-
Ending balance	<u>896</u>	<u>896</u>	<u>896</u>	<u>896</u>

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**6. INVENTORIES - Net**

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

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Beginning balance	6,922	6,617	6,922	6,617
Increase	1,497	305	1,497	305
Ending balance	<u>8,419</u>	<u>6,922</u>	<u>8,419</u>	<u>6,922</u>

**7. ADVANCE FOR INVESTMENT – Net**

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Advance payment for investment	45,594	45,594	45,594	45,594
<u>Less</u> Allowance for Doubtful debt	<u>(45,594)</u>	<u>(45,594)</u>	<u>(45,594)</u>	<u>(45,594)</u>
Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**8. RESTRICTED BANK DEPOSITS**

As at June 30, 2014 the restricted bank deposit of 77 million baht are bank deposits that the company have placed with banks to secure letters of guarantees for Customs Department used and to secure credit facility obtained as described in Note 24.1 and 24.2

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**9. INVESTMENTS IN SUBSIDIARY COMPANIES**

Investments in subsidiary companies which recorded by the cost method in the separate financial statements as at June 30, 2014 and December 31, 2013 consisted of:

Company	Country of business	Type of business	(Thousand Baht)		(Percent)		(Thousand Baht)	
			Paid up Capital		Percentage of holding		Cost Method	
			June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
TFI Power Co., Ltd.	Thailand	Renewable energy	4,000	1,000	99.99	99.99	4,000	1,000
TFI Power (Korat 1) Co., Ltd.	Thailand	Renewable energy	1,000	250	99.96	99.96	-	250
TFI Power (Korat 2) Co., Ltd.	Thailand	Renewable energy	1,000	250	99.96	99.96	-	250
TFI Power (Korat 3) Co., Ltd.	Thailand	Renewable energy	1,000	250	99.96	99.96	-	250
TFI Power (Korat 4) Co., Ltd.	Thailand	Renewable energy	1,000	250	99.96	99.96	-	250
Total							4,000	2,000

The Board’s meeting No.5/2013 held on July 29, 2013, approved an establishment of new subsidiaries in total 4 companies TFI Power (Korat 1) Co., Ltd., TFI Power (Korat 2) Co., Ltd., TFI Power (Korat 3) Co.,Ltd. and TFI Power (Korat 4) Co.,Ltd. to support business growth in the future, at the share holding structure of Company holds 99.96 percent stake of each subsidiary register capital of each company is Baht 1,000,000. Type of business of 4 subsidiaries: involving in renewable energy. The registration of new subsidiaries with the Ministry of Commerce has been completed in July 2013 and is studying about the project with expected period for 1-2 years.

The Board’s meeting No.7/2013 held on November 12, 2013, approved an establishment of new subsidiary in 1 company TFI Power Co., Ltd.to support business growth in the future, at the share holding structure of Company holds 99.99 percent stake of each subsidiary register capital of each company is Baht 4,000,000 for expanding the business of the Company Restructuring the business related the energy production, By transfer of all securities of four subsidiaries of the Company as above to such new subsidiary, for internal restructuring of the Company’s group, to be increasing the potential in business operations of the Company’s group. On April 30, 2014, the Company had successfully transferred all four subsidiaries such as TFI Power Co. Ltd. etc.

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

Investments in associated companies in the separate financial statements as at June 30, 2014 and December 31, 2013, consisted of:

Company	Country of business	Type of business	(Million Baht)		(Percent)		(Thousand Baht)	
			Paid up Capital		Percentage of holding		Cost Method	
			June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Thai Copper Industries Pcl.	Thailand	Pure Copper	8,010	8,010	18.96	18.96	1,518,981	1,518,981
TFM Packaging Film Co., Ltd.	Thailand	Packaging Film	324.90	324.90	49.20	49.20	159,836	159,836
Total							1,678,817	1,678,817
Less Allowance for impairment in investment							(1,678,817)	(1,678,817)
Net							-	-

Thai Copper Industries Pcl. - TCI

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

The latest significant financial data of TCI 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 recorded the allowance for impairment of asset based on the appraisal report of independent appraiser dated on September 28, 2007. Total asset and total equity will be decreased in amount of Baht 12,530 million.

TFM Packaging Film Co., Ltd.

The Company has ceased to calculate the equity loss in TFM Packaging Film Co., Ltd. which in the process of being liquidated. 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 160 million).

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

Consist of :-

Company	Country of Business	Type of business	Capital paid-up	Consolidated/ Separate			
				Percentage of Investments		Value of Investment (Unit : Thousand Baht)	
				June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Thai Film Bangladesh Co., Ltd. (Bangladesh Taka currency)	Bangladesh	Packaging Film	Taka 112 million	53.57	53.57	37,487	37,487
						(37,487)	(37,487)
						-	-

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

As at June 30, 2014 the land used in operation was re-appraised according to the report of independent appraiser (Bangkok Property Appraisal Co., Ltd.) at fair market value date December 24, 27, 2010 and January 6, 2011, respectively, which appraisal date was December 16 - 17, 2010.

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

Consist of :-

	(Unit : Thousand Baht)	
	Consolidated	Separate
<b>Cost :-</b>		
Net Book Value as at January 1, 2014	1,152,782	1,152,782
Purchase	91,360	91,360
Disposals	(15)	(15)
Transfer to unused assets	(109)	(109)
Depreciation for the period	(51,049)	(51,049)
Net Book Value as at June 30, 2014	1,192,969	1,192,969
<b>Capital Surplus from Revaluation :-</b>		
Net Book Value as at January 1, 2014	381,682	381,682
Transferred from unused assets	162	162
Depreciation for the period	(66,186)	(66,186)
Net Book Value as at June 30, 2014	315,658	315,658
Net Book Value as at June 30, 2014	1,508,627	1,508,627

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Depreciation for six month periods ended June 30, 2014 and 2013, amounted to Baht 49.86 million and Baht 49.63 million, respectively, are included in cost of sales, and Baht 1.19 million and Baht 1.03 million, respectively, are included in selling and administrative expenses.

As at June 30, 2014 and December 31, 2013, the Company has building, machineries and equipments that fully depreciated but still in use at Baht 862.36 Million and Baht 858.93 million, respectively.

The Company has applied the accounting for assets revaluation in accordance with the announcement of the Federation of Accounting Professions No. 18/2554 dated April 12, 2011 which allow the Company to use the former accounting for assets revaluation as per the announcement No. 25/2549 that transfer depreciation for capital surplus from asset revaluation shall be treated as already occurred to the retained earning directly without passing through the statement of comprehensive income until the accounting period beginning before January 1, 2016. The Company chose this alternative thus depreciation expenses for the six month periods ended June 30, 2014 and 2013, in the financial statements is lower stated by Baht 66.19 million and Baht 93.28 million, respectively, and net loss for the six month periods ended June 30, 2014 and 2013, in the financial statements is lower stated by Baht 66.19 million and Baht 93.28 million, respectively, (Loss per share is lower stated by Baht 0.03 per share and Baht 0.07 per share, respectively).

During the year 2014, The Company transferred certain machineries to be machineries not used in operation which carrying net value amount of Baht 0.11 million and transferred certain machineries from unused assets back to operation which carrying surplus on revaluation of assets of Baht 0.51 million and accumulated depreciation of Baht 0.35 million.

**14. PROPERTY, PLANT AND EQUIPMENT NOT USED IN OPERATION - Net**

As at June 30, 2014, the lands and machineries not used in operation, which cost of Baht 74 million and Baht 808.87 million, respectively, were re-appraised according to reports of independent appraiser (Bangkok Property Appraisal co., ltd. and UK Valuations and Agency co., ltd., respectively) date January 6, 2011 (for land) and date January 17, 2011 (for machineries) which appraisal date was December 16, 2010 (for land) and December 15, 2010 (for machineries). That using market value method and depreciated replacement cost method, respectively. And allowance for impairment of such lands and machineries were amount of Baht 37.39 million and Baht 37.51 million, respectively. However on February 6, 2014 the Company hired an independent appraiser (UK Valuations and Agency co., ltd.) to re-appraise the unused machineries transferred in year 2013 which carrying value amount of Baht 132.44 million using replacement cost new less depreciation method found that these machineries are not impaired.



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

Consist of :-

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Bank overdrafts	18,848	-	18,848	-
Packing credits	58,083	-	58,083	-
Liabilities under trust receipts	219,579	-	219,579	-
Promissory notes	329,256	169,658	329,256	169,658
Total	625,766	169,658	625,766	169,658

As at June 30, 2014 and December 31, 2013, the Company has bank overdrafts, packing credits, liabilities under trust receipts, promissory notes, letters of credit and letters of guarantee which were credit facilities received from many local banks as follows :-

Currency	(Unit : Million Baht)			
	June 30, 2014	Bank charge and Interest rate Per annum	December 31, 2013	Bank charge and Interest rate Per annum
		annum		annum
Baht	1,310.00	1.50 – 7.375	1,327.00	1.50 – 7.425

These credit facilities are secured by assets guarantee as mentioned in the note to financial statements No.16.

As at June 30, 2014 and December 31, 2013, the Company had unutilized credit facility balances by approximately Baht 186.30 million and Baht 370.32 million, respectively.

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**16. LONG-TERM LOANS**

Consist of :-

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Beginning	593,883	796,636	593,883	796,636
<u>Less</u> Payment during the period	(133,981)	(202,753)	(133,981)	(202,753)
Total	459,902	593,883	459,902	593,883
<u>Less</u> Current portion of long-term loans	(162,961)	(197,961)	(162,961)	(197,961)
Net	<u>296,941</u>	<u>395,922</u>	<u>296,941</u>	<u>395,922</u>

As at June 30, 2014 and December 31, 2013, interest rates of long term loans at MLR per annum and MLR per annum, respectively.

The loans including credit facilities from the banks as mentioned in note to financial statement No.15 are guaranteed by pledging :-

- a) The Company’s land and machinery totaling Baht 1,531.29 million.
- b) New equipment and supplies for machineries acquired to replace the mortgaged assets shall be determined as related mortgaged assets.

**17. DEFERRED TAX LIABILITIES**

As at June 30, 2014 and December 31, 2013, the components of deferred tax liabilities are as follows:

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Amortization Expenses	2,890	3,617	2,890	3,617
Plant and equipment	96,426	96,752	96,426	96,752
Capital surplus form land revaluation	43,694	43,694	43,694	43,694
Capital surplus form machinery revaluation	79,861	98,549	79,861	98,549
Total	<u>222,871</u>	<u>242,612</u>	<u>222,871</u>	<u>242,612</u>

As at June 30, 2014 and December 31, 2013, the Company have deductible temporary differences and unused tax losses totaling Baht 667.63 million and 650.75 million respectively, As the operation results incurred loss in the second quarter 2014.

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**18. EMPLOYEES BENEFIT OBLIGATIONS**

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 : Thousand Baht)			
	Consolidated		Separate	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Provision for employee benefit - beginning	30,131	61,336	30,131	61,336
<u>Add</u> recognized amount	3,509	6,075	3,509	6,075
<u>Less</u> liability decrease from actual paid	(730)	(3,426)	(730)	(3,426)
Actuarial gains in other comprehensive income	-	(33,854)	-	(33,854)
Provision for employee benefits - ending	32,910	30,131	32,910	30,131

**19. AUTHORIZED SHARE CAPITAL, ISSUED AND PAID-UP SHARE CAPITAL**

The Extraordinary General Meeting of Shareholders No.1/2013 held on December 16, 2013, Approved the increase of the registered capital of the Company by Baht 1,482,500,000 from the current registered capital Baht 1,365,000,000 to Baht 2,847,500,000 by issuing 1,482,500,000 new ordinary shares at a par value of Baht 1. The Company registered the increasing of registered capital with the Ministry of Commerce on December 27, 2013 as follow.

19.1 To offer and allocate up to 682,500,000 newly issued shares at a par value of Baht 1 per share to existing shareholders whose names appear in the Company’s share register book on November 26, 2013 at the ratio of one newly issued share for two existing shares. The offering price is at Baht 1 per share. The registered and paid-up share capital was Baht 682,500,000. The Company registered with the Ministry of Commerce on December 27, 2013.

19.2 To offer and allocate up to 800,000,000 newly issued shares at a par value of Baht 1 per share for private placement. Application and approval for newly issued shares (included its amendment) who is not connected person of the Company. In this regard, the offering price for the newly issued ordinary shares for the private placement shall not be lower than 90 percent of market price. Up to present there is no allocation to private placement.

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**20. OTHER INCOME**

For the three-month period ended June 30, 2014 and 2013 details of financial information shown other income consist of:-

	(Unit : Thousand Baht)		
	Consolidated	Separate	
	2014	2014	2013
Gain on exchange rate	3,630	3,630	-
Interest income	225	523	-
Income from sales scrap	-	-	-
Gain from disposal of assets	-	-	1,721
Other income	9,439	9,439	2,647
<b>Total</b>	<b>13,294</b>	<b>13,592</b>	<b>4,368</b>

For the six-month period ended June 30, 2014 and 2013 details of financial information shown other income consist of:-

	(Unit : Thousand Baht)		
	Consolidated	Separate	
	2014	2014	2013
Gain on exchange rate	12,792	12,792	7,908
Interest income	225	823	-
Income from sales scrap	-	-	-
Gain from disposal of assets	-	-	2,487
Other income	11,985	11,985	4,080
<b>Total</b>	<b>25,002</b>	<b>25,600</b>	<b>14,475</b>

**21. INCOME TAX**

Income tax expense is recognised based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year applied to the profit before tax of the interim period. The Company’s consolidated effective tax rate in respect of continuing operations for the six-months ended June 30, 2014 was -1.16% in the consolidated financial statement and -1.17% in the separate financial statement (June 30, 2013: -1.91% in the separate financial statement).

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Income tax (expenses) revenue for the three-month period ended June 30, 2014 and 2013 are made up as follows:

	(Unit : Thousand Baht)		
	Consolidated	Separate	
	June 30, 2014	June 30, 2014	December 31, 2013
<b>Current Income tax:</b>			
Income tax	-	-	-
<b>Deferred tax:</b>			
Relating to origination and reversal of temporary differences	27	27	375
<b>Income tax (expense) revenue reported in the statements of comprehensive income</b>	<u>27</u>	<u>27</u>	<u>375</u>

Income tax (expenses) revenue for the six-month period ended June 30, 2014 and 2013 are made up as follows:

	(Unit : Thousand Baht)		
	Consolidated	Separate	
	June 30, 2014	June 30, 2014	December 31, 2013
<b>Current Income tax:</b>			
Income tax	-	-	-
<b>Deferred tax:</b>			
Relating to origination and reversal of temporary differences	1,052	1,052	2,067
<b>Income tax (expense) revenue reported in the statements of comprehensive income</b>	<u>1,052</u>	<u>1,052</u>	<u>2,067</u>

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

The calculation of basic earnings (loss) per share of the consolidated and separate financial statements for the three-month and six-month period ended June 30, 2014 and 2013 was based on the profit (loss) for the periods attributable to equity holders of the Company and weighted average number of ordinary shares (Basic) issued during for the three-month and six-month period ended June 30, 2014 and 2013.

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Net Profit (loss) for the periods

	(Unit : Million Baht)		
	Consolidated	Separate	
	2014	2014	2013
For the three month periods ended June 30,	(44)	(43)	(40)
For the six month periods ended June 30,	(90)	(89)	(106)

Weighted average number of ordinary shares (Basic)

	(Unit : Million shares)		
	Consolidated	Separate	
	2014	2014	2013
<b>Weighted average number of ordinary shares outstanding during the periods (Basic)</b>	<b>2,048</b>	<b>2,048</b>	<b>1,365</b>

**23. 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 period ended June 30, 2014 and 2013

	(Unit : Million Baht)		
	Consolidated	Separate	
	2014	2014	2013
Revenue from sales - Local	492	492	453
Revenue from sales - Foreign			
Asia	327	327	456
Europe	68	68	38
American	21	21	10
Other	55	55	77
<b>Total</b>	<b>963</b>	<b>963</b>	<b>1,034</b>

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For the six-month period ended June 30, 2014 and 2013

	(Unit : Million Baht)		
	Consolidated	Separate	
	2014	2014	2013
Revenue from sales - Local	1,032	1,032	935
Revenue from sales - Foreign			
Asia	713	713	824
Europe	156	156	76
American	36	36	14
Other	104	104	136
Total	2,041	2,041	1,985

**24. COMMITMENTS AND CONTINGENT LIABILITIES**

As at June 30, 2014 in addition to the liabilities reflected in the statements of financial position, Thai Film Industries Public Company Limited still have of obligations and contingent liabilities as follows: -

- 24.1 Had outstanding bank guarantees issued on behalf of the Company and for which it is contingently liabilities to the Customs Department, Metropolitan Electricity Authority and the Provincial Electricity Authority amounting to approximately Baht 16.58 million. The Company used fixed deposit as collateral for amount of Baht 2 million. (See note 8.)
- 24.2 The Company pledged fixed deposit as collateral in the amount of Baht 75 million with a local bank to secure credit facility obtained from such bank. (See note 8.)
- 24.3 Had unused letters of credit, liabilities under trust receipts and promissory notes in amount of approximately Baht 0.26 million.
- 24.4 The Company has export guaranteed entered into with a commercial bank to guarantee against the risk in receiving the payment of exporting goods for leave from the purchaser or the purchaser’s bank overseas. The Company holds the right to the export guaranteed at Baht 50.84 million.
- 24.5 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 for totaling amount approximately to Baht 839.42 million which was consisted of principal amount of Baht 600 million and interest calculated upto the filing date totaling Baht 239.42 million. As the negotiation at the court on November 3, 2008 and on December 15, 2008 and on February 27, 2009 and on June 19, 2009 between the plaintiff and the defendants. And the settlement at court including the investigation filing case was held at the Court on June 26, 2009 and on August 18, 2009. On October 12, 2010 and December 3, 2010, the Court has asked for investigation witness of the plaintiff, four of the defendants’ lawyers reported to the Court that the Plaintiff and the first defendant (An Associated Company) are in the negotiation process and have positive progress. The Court, therefore, approved to postpone the appointment at the Court to be held on March 14, 2011. On that day the court determined that both parties agreed to continue the negotiation process.

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However the negotiation process consumes time and involves to many parties and details. Therefore the Court agreed to temporarily suspend the filing until the conclusion of negotiation shall be made.

Furthermore, On September 30, 2009, the Company was sued by such bank as the third defendant in the Central Intellectual Property and International Trade Court case number black case file Kor Kor 202/2552 under the pledging the shares of an associated company (the first defendant) as for totaling amount approximately to Baht 902.30 million which was consisted of principal amount of Baht 600 million together with interest calculated upto the filing date (September 30, 2009) amount of Baht 302.30 million. The Company requested to extend the filing of testimony from February 1, 2010 to be March 2, 2010. And the settlement at court including the investigation filing case will be held at the court on March 8, 2010. Hence on March 8, 2010, the Company has filed a complaint request to the President of the Appeal Court to consider whether the case is a consumer case and the plaintiff’s lawyer has filed an argument on such request. The Court acknowledged the request however the Court has no authority to judge the request and to reject the request. Therefore on April 27, 2010, the Court forwarded the request to the President of the Appeal Court for the judgement. Presently, the President of the Appeal Court made the judgment that the plaintiff’s case was not a consumer case. Therefore the Central Intellectual Property and International Trade Court has authority to judge the case. The Court ordered to extend the settlement at Court to be held on September 22, 2014. The Company’s lawyer opined that the Company does not have any liability with such bank as the third defendant as the contract pledging the shares of an associated company was already expired.

The Company however has sued against the mentioned bank and an Asset Management Corporation in the Civil Court case number black case file 3210/2550 seeking the payment for alleged breach of the pledge of shares agreement of an associated company of Baht 369.60 million, including the request for releasing the pledged shares of the mentioned associated company totaling 60 million shares to the Company. As the fact that the Company sued against the bank, the Company pledged the shares as collateral for the period of 4 years and it was not a guarantor of loan. The loan repayment period was 10 years which the grace period for 3.5 years and the loan will be paid within 6.5 years. On September 16, 2008, the Civil Court passed judgement that the mentioned litigation case should be dismissed, the Company, therefore has appealed the Court’s decision on October 30, 2008. Subsequently, on September 25, 2012, the Appeals Court judged that the period of pledging shares in share agreement is ended as appeal. However the Appeal Court upholds the judgment of the Civil Court for the payment for breaching contract is to dismiss. Later, on November 21, 2012, the Company has already filed a petition against the ordered of Appeal Court which the Supreme Court has already filed.

- 24.6 The Company has committed to pay for financial advisory fee and legal fee for seeking fund amount of Baht 5.6 million.
- 24.7 Presently, all 4 subsidiaries are in process of bidding to obtain license for providing and sales electricity to Provincial Electricity Authority, therefore all 4 subsidiaries entered into memorandum agreements with the landlords who have ownership on land and allow the subsidiaries to use land. The subsidiaries intend to use such land to make feasibility study on making electricity from wind energy for the period of 1-2 years. The subsidiaries also have right to cancel such memorandum agreements in case that the feasibility study is not appropriate.



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**25. 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 June 30, 2014 and December 31, 2013, the Company possessed material assets and liabilities in foreign currencies as follows:-

		(Unit: Thousand)	
	<u>Foreign Currency</u>	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Assets	US Dollar	3,984	5,557
	EURO	523	73
Liabilities	US Dollar	20,159	12,620
	POUND	276	-
	EURO	1,379	3
	YEN	-	590

As at June 30, 2014 and December 31, 2013, there were forward contracts sold amount of USD 4.84 million and USD 3.50 million respectively.

Credit Risk

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

Fair Value

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

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**26. 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 June 30, 2014 and December 31, 2013, debt to equity ratio in the consolidated financial statement is 1.78: 1.00 and 1.32:1.00, respectively (the separate financial statements as at June 30, 2014 and December 31, 2013, debt to equity ratio is 1.76:1 and 1.31:1, respectively).

**27. APPROVAL OF FINANCIAL STATEMENTS**

Board of Directors of the Thai Film Industries Public Company Limited has approved these financial statements on August 13, 2014.