

Pacific Pipe Public Company Limited and its subsidiaries
Report and consolidated financial statements
31 December 2013

Independent Auditor's Report

To the Shareholders of Pacific Pipe Public Company Limited

I have audited the accompanying consolidated financial statements of Pacific Pipe Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Pacific Pipe Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pacific Pipe Public Company Limited and its subsidiaries and of Pacific Pipe Public Company Limited as at 31 December 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 *Income Taxes*. The Company has restated the consolidated and separate financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustments resulting from such change. The Company has also presented the consolidated and separate statements of financial position as at 1 January 2012 as comparative information, using the same accounting policy for income taxes. My opinion is not qualified in respect of this matter.

Chonlaros Suntiasvaraporn
Certified Public Accountant (Thailand) No. 4523

Ernst & Young Office Limited
Bangkok: 20 February 2014

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2013

(Unit: Baht)

	Consolidated financial statements			Separate financial statements			
	Note	31 December 2013	31 December 2012 (Restated)	1 January 2012	31 December 2013	31 December 2012 (Restated)	1 January 2012
Assets							
Current assets							
Cash and cash equivalents	8	297,646,253	287,435,328	149,084,263	194,660,553	160,239,922	47,873,115
Trade and other receivables	9	598,054,239	599,732,065	488,696,189	551,141,342	597,037,488	501,012,723
Inventories	10	1,392,786,704	1,649,216,505	1,600,141,304	1,373,078,619	1,648,648,767	1,600,141,304
Advance for raw material	11	15,954,690	352,995,942	55,781,025	15,954,690	352,995,942	55,781,025
Other current assets		4,985,383	52,161,809	3,003,133	4,189,859	51,163,887	1,992,576
Total current assets		2,309,427,269	2,941,541,649	2,296,705,914	2,139,025,063	2,810,086,006	2,206,800,743
Non-current assets							
Restricted bank deposits		-	-	66,168,520	-	-	66,168,520
Investments in subsidiaries	12	-	-	-	11,996,100	11,996,100	11,996,100
Property, plant and equipment	13	1,108,782,067	1,079,829,427	1,046,891,664	1,069,889,503	1,041,586,131	1,014,552,002
Intangible assets	14	32,555,530	35,006,722	36,465,126	32,482,722	34,898,421	36,360,254
Deferred tax assets	21	3,984,930	4,763,104	11,986,589	-	1,139,598	8,317,569
Other non-current assets		125,127	125,127	124,227	-	-	-
Total non-current assets		1,145,447,654	1,119,724,380	1,161,636,126	1,114,368,325	1,089,620,250	1,137,394,445
Total assets		3,454,874,923	4,061,266,029	3,458,342,040	3,253,393,388	3,899,706,256	3,344,195,188

The accompanying notes are an integral part of the financial statements.

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2013

(Unit: Baht)

	Consolidated financial statements			Separate financial statements			
	Note	31 December 2013	31 December 2012 (Restated)	1 January 2012	31 December 2013	31 December 2012 (Restated)	1 January 2012
Liabilities and shareholders' equity							
Current liabilities							
Short-term loans from financial institutions	15	825,516,510	1,774,606,603	1,370,913,129	825,516,510	1,774,606,603	1,370,913,129
Trade and other payables	17	195,231,439	117,518,388	65,755,528	197,594,160	119,956,902	69,597,376
Short-term loan from related party	7	-	75,000,000	-	-	75,000,000	-
Current portion of long-term loan from related party	7	-	1,470,734	3,419,534	-	-	-
Income tax payable		38,709,189	45,418,652	27,953,785	31,291,281	37,384,095	20,306,583
Other current liabilities		<u>27,030,379</u>	<u>27,401,892</u>	<u>48,964,076</u>	<u>25,517,762</u>	<u>20,962,265</u>	<u>45,674,623</u>
Total current liabilities		<u>1,086,487,517</u>	<u>2,041,416,269</u>	<u>1,517,006,052</u>	<u>1,079,919,713</u>	<u>2,027,909,865</u>	<u>1,506,491,711</u>
Non-current liabilities							
Long-term loan from related party, net of current portion	7	100,000,000	-	1,470,734	100,000,000	-	-
Deferred tax liabilities	21	2,426,655	-	-	2,426,655	-	-
Provision for long-term employee benefits	18	<u>20,563,536</u>	<u>12,417,517</u>	<u>12,039,368</u>	<u>16,318,049</u>	<u>10,054,939</u>	<u>9,434,720</u>
Total non-current liabilities		<u>122,990,191</u>	<u>12,417,517</u>	<u>13,510,102</u>	<u>118,744,704</u>	<u>10,054,939</u>	<u>9,434,720</u>
Total liabilities		<u>1,209,477,708</u>	<u>2,053,833,786</u>	<u>1,530,516,154</u>	<u>1,198,664,417</u>	<u>2,037,964,804</u>	<u>1,515,926,431</u>
Shareholders' equity							
Share capital							
Registered							
660,000,000 ordinary shares of Baht 1 each		<u>660,000,000</u>	<u>660,000,000</u>	<u>660,000,000</u>	<u>660,000,000</u>	<u>660,000,000</u>	<u>660,000,000</u>
Issued and fully paid up							
660,000,000 ordinary shares of Baht 1 each		660,000,000	660,000,000	660,000,000	660,000,000	660,000,000	660,000,000
Share premium							
Share premium on ordinary shares		514,845,000	514,845,000	514,845,000	514,845,000	514,845,000	514,845,000
Surplus on treasury shares		1,010,911	1,010,911	1,010,911	1,010,911	1,010,911	1,010,911
Retained earnings							
Appropriated - statutory reserve	19	67,000,000	67,000,000	67,000,000	67,000,000	67,000,000	67,000,000
Unappropriated		<u>1,002,541,304</u>	<u>764,576,332</u>	<u>684,969,975</u>	<u>811,873,060</u>	<u>618,885,541</u>	<u>585,412,846</u>
Total shareholders' equity		<u>2,245,397,215</u>	<u>2,007,432,243</u>	<u>1,927,825,886</u>	<u>2,054,728,971</u>	<u>1,861,741,452</u>	<u>1,828,268,757</u>
Total liabilities and shareholders' equity		<u>3,454,874,923</u>	<u>4,061,266,029</u>	<u>3,458,342,040</u>	<u>3,253,393,388</u>	<u>3,899,706,256</u>	<u>3,344,195,188</u>

The accompanying notes are an integral part of the financial statements.

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Directors
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Pacific Pipe Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012 (Restated)	2013	2012 (Restated)
Profit or loss					
Revenues					
Sales and service income	7	7,277,986,243	7,099,098,065	7,222,130,229	7,024,005,116
Exchange gain		-	18,962,596	-	18,962,596
Dividend income	12	-	-	24,427,268	15,171,996
Other income		192,808,859	159,661,949	189,277,567	175,358,909
Total revenues		7,470,795,102	7,277,722,610	7,435,835,064	7,233,498,617
Expenses					
Cost of sales and services		6,525,828,341	6,536,343,958	6,527,914,057	6,535,555,672
Selling expenses		135,236,088	132,895,532	184,908,759	179,251,019
Administrative expenses		224,849,283	207,220,622	202,574,169	183,275,769
Exchange losses		24,501,074	-	24,501,074	-
Total expenses		6,910,414,786	6,876,460,112	6,939,898,059	6,898,082,460
Profit before finance cost and income tax expenses		560,380,316	401,262,498	495,937,005	335,416,157
Finance cost		(55,032,949)	(61,813,821)	(54,294,258)	(60,906,867)
Profit before income tax expenses		505,347,367	339,448,677	441,642,747	274,509,290
Income tax expenses	21	(98,046,305)	(81,634,316)	(80,083,690)	(62,836,595)
Profit for the year		407,301,062	257,814,361	361,559,057	211,672,695
Other comprehensive income:					
Actuarial losses	18	(5,405,760)	-	(4,465,985)	-
Income tax effect	21	1,081,152	-	893,197	-
Other comprehensive income for the year		(4,324,608)	-	(3,572,788)	-
Total comprehensive income for the year		402,976,454	257,814,361	357,986,269	211,672,695
Basic earnings per share					
Profit	22	0.62	0.39	0.55	0.32

The accompanying notes are an integral part of the financial statements.

Pacific Pipe Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2013

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash flows from operating activities				
Profit before tax	505,347,367	339,448,677	441,642,747	274,509,290
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	105,849,138	102,406,582	98,471,243	95,318,926
Allowance for doubtful accounts (reversal)	(339,620)	1,068,073	(263,836)	1,053,575
Reduction of inventory to net realisable value (reversal)	4,805,752	(17,919,341)	4,805,752	(17,919,341)
Loss on write-off/disposals of equipment	335,610	165,623	203,414	163,643
Write-off of intangible assets	-	983,235	-	983,235
Loss on inventory shortage	-	3,813	-	3,813
Provision for long-term employee benefits	2,740,259	1,503,314	1,797,125	1,165,219
Unrealised loss (gain) on exchange	2,546,379	(118,840)	2,546,379	(118,840)
Dividend income	-	-	(24,427,268)	(15,171,996)
Interest income	(1,807,052)	(2,043,638)	(1,286,244)	(1,583,695)
Interest expenses	53,268,901	58,417,858	53,252,285	58,267,752
Profit from operating activities before changes in operating assets and liabilities	672,746,734	483,915,356	576,741,597	396,671,581
Operating assets (increase) decrease				
Trade and other receivables	2,848,953	(112,078,583)	46,991,490	(97,052,974)
Inventories	251,624,049	(31,159,673)	270,764,396	(30,591,935)
Advance for raw material	337,041,252	(297,214,917)	337,041,252	(297,214,917)
Other current assets	47,612,960	(49,239,731)	47,410,563	(49,252,366)
Other non-current assets	-	(900)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	80,300,367	49,186,519	80,224,573	47,783,184
Other current liabilities	(371,513)	(21,562,184)	4,555,497	(24,712,358)
Other non-current liabilities	-	(1,125,165)	-	(545,000)
Cash flows from (used in) operating activities	1,391,802,802	20,720,722	1,363,729,368	(54,914,785)
Cash paid for interest expenses	(55,856,217)	(55,841,517)	(55,839,602)	(55,691,410)
Cash paid for corporate income tax	(100,469,787)	(56,945,964)	(81,717,054)	(38,581,112)
Net cash flows from (used in) operating activities	<u>1,235,476,798</u>	<u>(92,066,759)</u>	<u>1,226,172,712</u>	<u>(149,187,307)</u>

The accompanying notes are an integral part of the financial statements.

Pacific Pipe Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash flows from investing activities				
Decrease in restricted bank deposits	-	66,168,520	-	66,168,520
Acquisition of property, plant and equipment	(131,029,007)	(130,365,221)	(122,905,141)	(117,407,042)
Acquisition of intangible assets	(1,677,880)	(4,819,578)	(1,677,880)	(4,781,057)
Dividend income	-	-	24,427,268	15,171,996
Interest income	1,370,518	2,124,693	849,710	1,664,749
Proceeds from sales of equipment	20,691	150,000	20,691	150,000
Net cash flows used in investing activities	<u>(131,315,678)</u>	<u>(66,741,586)</u>	<u>(99,285,352)</u>	<u>(39,032,834)</u>
Cash flows from financing activities				
Increase (decrease) in short-term loans				
from financial institutions	(952,467,979)	403,786,948	(952,467,979)	403,786,948
Cash receipt from long-term loan from related party	100,000,000	75,000,000	100,000,000	75,000,000
Repayment of long-term loan from related party	(76,470,734)	(3,419,534)	(75,000,000)	-
Dividend paid	(165,011,482)	(178,208,004)	(164,998,750)	(178,200,000)
Net cash flows from (used in) financing activities	<u>(1,093,950,195)</u>	<u>297,159,410</u>	<u>(1,092,466,729)</u>	<u>300,586,948</u>
Net increase in cash and cash equivalents	10,210,925	138,351,065	34,420,631	112,366,807
Cash and cash equivalents at beginning of year	<u>287,435,328</u>	<u>149,084,263</u>	<u>160,239,922</u>	<u>47,873,115</u>
Cash and cash equivalents at end of year	<u>297,646,253</u>	<u>287,435,328</u>	<u>194,660,553</u>	<u>160,239,922</u>

The accompanying notes are an integral part of the financial statements.

Pacific Pipe Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements					Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Surplus on treasury shares	Retained earnings		
				Appropriated	Unappropriated	
Balance as at 31 December 2011 - as previously reported	660,000,000	514,845,000	1,010,911	67,000,000	672,983,386	1,915,839,297
Cumulative effect of change in accounting policy for deferred tax (Note 4)					11,986,589	11,986,589
Balance as at 31 December 2011 - as restated	660,000,000	514,845,000	1,010,911	67,000,000	684,969,975	1,927,825,886
Dividend paid (Note 25)	-	-	-	-	(178,208,004)	(178,208,004)
Total comprehensive income for the year - restated	-	-	-	-	257,814,361	257,814,361
Balance as at 31 December 2012 - as restated	<u>660,000,000</u>	<u>514,845,000</u>	<u>1,010,911</u>	<u>67,000,000</u>	<u>764,576,332</u>	<u>2,007,432,243</u>
Balance as at 31 December 2012 - as previously reported	660,000,000	514,845,000	1,010,911	67,000,000	759,813,228	2,002,669,139
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	-	4,763,104	4,763,104
Balance as at 31 December 2012 - as restated	660,000,000	514,845,000	1,010,911	67,000,000	764,576,332	2,007,432,243
Dividend paid (Note 25)	-	-	-	-	(165,011,482)	(165,011,482)
Total comprehensive income for the year	-	-	-	-	402,976,454	402,976,454
Balance as at 31 December 2013	<u>660,000,000</u>	<u>514,845,000</u>	<u>1,010,911</u>	<u>67,000,000</u>	<u>1,002,541,304</u>	<u>2,245,397,215</u>

The accompanying notes are an integral part of the financial statements.

Pacific Pipe Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2013

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Surplus on treasury shares	Retained earnings		
				Appropriated	Unappropriated	
Balance as at 31 December 2011 - as previously reported	660,000,000	514,845,000	1,010,911	67,000,000	577,095,277	1,819,951,188
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	-	8,317,569	8,317,569
Balance as at 31 December 2011 - as restated	660,000,000	514,845,000	1,010,911	67,000,000	585,412,846	1,828,268,757
Dividend paid (Note 25)	-	-	-	-	(178,200,000)	(178,200,000)
Total comprehensive income for the year - restated	-	-	-	-	211,672,695	211,672,695
Balance as at 31 December 2012 - as restated	<u>660,000,000</u>	<u>514,845,000</u>	<u>1,010,911</u>	<u>67,000,000</u>	<u>618,885,541</u>	<u>1,861,741,452</u>
Balance as at 31 December 2012 - as previously reported	660,000,000	514,845,000	1,010,911	67,000,000	617,745,943	1,860,601,854
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	-	1,139,598	1,139,598
Balance as at 31 December 2012 - as restated	660,000,000	514,845,000	1,010,911	67,000,000	618,885,541	1,861,741,452
Dividend paid (Note 25)	-	-	-	-	(164,998,750)	(164,998,750)
Total comprehensive income for the year	-	-	-	-	357,986,269	357,986,269
Balance as at 31 December 2013	<u>660,000,000</u>	<u>514,845,000</u>	<u>1,010,911</u>	<u>67,000,000</u>	<u>811,873,060</u>	<u>2,054,728,971</u>

The accompanying notes are an integral part of the financial statements.

Pacific Pipe Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2013

1. General information

Pacific Pipe Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Tang Mong Seng Holding Company Limited, which was incorporated in Thailand. The Company is principally engaged in manufacturing and distribution of steel pipes for construction work. The registered office of the Company is at 298, 298/2, Soi Klabcharoen, Suksawat Road, Tambon Pakklongbangplakod, Amphur Phrasamutjedi, Samutprakarn.

2 Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Pacific Pipe Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2013 Percent	2012 Percent
Tamose Trading Company Limited	Distribution of steel pipes for construction	Thailand	99.94	99.94
Meesup Transport Company Limited	Transportation	Thailand	99.97	99.97

recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

(b) Accounting standards that will become effective in the future

	<u>Effective date</u>
Accounting Standards:	
TAS 1 (revised 2012) Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012) Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012) Income Taxes	1 January 2014
TAS 17 (revised 2012) Leases	1 January 2014
TAS 18 (revised 2012) Revenue	1 January 2014
TAS 19 (revised 2012) Employee Benefits	1 January 2014
TAS 21 (revised 2012) The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012) Related Party Disclosures	1 January 2014
TAS 28 (revised 2012) Investments in Associates	1 January 2014
TAS 31 (revised 2012) Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012) Interim Financial Reporting	1 January 2014
TAS 38 (revised 2012) Intangible Assets	1 January 2014
Financial Reporting Standards:	
TFRS 2 (revised 2012) Share-based Payment	1 January 2014
TFRS 3 (revised 2012) Business Combinations	1 January 2014
TFRS 4 Insurance Contracts	1 January 2016
TFRS 5 (revised 2012) Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012) Operating Segments	1 January 2014
Accounting Standard Interpretations:	
TSIC 15 Operating Leases - Incentives	1 January 2014
TSIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29 Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32 Intangible Assets – Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014

		<u>Effective date</u>
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's management believes that these accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations will not have any significant on the financial statements for the year when they are initially applied.

4. Cumulative effect of the change in accounting policies due to the adoption of new accounting standard

During the current year, the Company and its subsidiaries made the change described in Note 3 to the financial statements to their significant accounting policies, as a result of the adoption of TAS 12 *Income Taxes*. The cumulative effect of the change in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
Statements of financial position						
Increase in deferred tax assets	3,985	4,763	11,987	-	1,140	8,318
Increase in deferred tax liabilities	2,427	-	-	2,427	-	-
Increase (decrease) in unappropriated retained earnings	1,558	4,763	11,987	(2,427)	1,140	8,318

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended	For the year ended	For the year ended	For the year ended
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Statements of comprehensive income				
Profit or loss:				
Increase (decrease) in income tax	4,286	7,223	4,460	7,178
Increase (decrease) in profit for the year	(4,286)	(7,223)	(4,460)	(7,178)
Increase (decrease) in basic earnings				
per share (Baht / share)	(0.006)	(0.011)	(0.007)	(0.011)
Other comprehensive income:				
Income tax effect on actuarial losses	(1,081)	-	(893)	-

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

5.4 Inventories

Finished goods are valued at the lower of weighted average cost and net realisable value. Cost includes all production costs and attributable factory overheads.

Raw materials and factory supplies are valued at the lower of weighted average cost and net realisable value and are charged to production costs whenever consumed.

5.5 Investments

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

5.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement	10 - 20 years
Buildings and building improvement	20 - 30 years
Machinery and factory equipment	10 - 32 years
Office equipment	3 - 5 years
Motor vehicles	5 - 10 years

Depreciation is included in determining income

No depreciation is provided on land and assets under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

5.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.8 Intangible assets

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	10 years

5.9 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

5.10 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of the entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.11 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

5.12 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plan

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

5.13 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.14 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

7. Related party transactions

The followings are relationships between the Company and related parties.

Name of entities	Nature of relationships
Tang Mong Seng Holding Company Limited	Major shareholder, 39.05% shareholding
Tamose Trading Company Limited	Subsidiary, 99.94% shareholding, all directors are representatives of the Company
Meesup Transport Company Limited	Subsidiary, 99.97% shareholding, all directors are representatives of the Company
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.

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	For the years ended 31 December				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	3,389	3,238	Reference to market price
Rental income	-	-	0.7	0.7	Contract price
Service income	-	-	0.8	0.8	Contract price
Commission paid	-	-	73	69	Contract price
Transportation expenses	-	-	87	74	Reference to market price
<u>Transactions with related party</u>					
Interest expenses	4.2	1.5	4.2	1.4	4, 4.5 and MLR - 1.5 percent per annum
Office rental and service expenses	3.2	3.0	-	-	Contract price
<u>Transaction with related persons</u>					
Land rental	3.4	3.0	3.4	3.0	Contract price

The balances of the accounts as at 31 December 2013 and 2012 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade receivable - related party (Note 9)				
Tamose Trading Company Limited	-	-	168,575	221,299
Total trade receivable - related party	-	-	168,575	221,299
Other payables - related parties (Note 17)				
Tamose Trading Company Limited	-	-	11,711	12,641
Meesup Transport Company Limited	-	-	2,806	2,692
Total other payables - related parties	-	-	14,517	15,333

Loans from related party

As at 31 December 2013 and 2012, the balances of short-term and long-term loans from related company and the movement are as follows:

(Unit: Thousand Baht)

Short-term loan	Related by	Separate financial statements			Balance as at 31 December 2013
		Balance as at 31 December 2012	Movement during the year		
			Increase	Decrease	
Tang Mong Seng Holding Company Limited	Major shareholder	75,000	-	(75,000)	-
Long-term loan					
Tang Mong Seng Holding Company Limited	Major shareholder	-	100,000	-	100,000

Short-term loan represents loan that the Company has borrowed from Tang Mong Seng Holding Company Limited, carrying interest at a rate of 4 percent per annum (2012: 4 percent per annum). This loan is unsecured and due for repayment in July 2013. During the third quarter of the current year, the Company had fully paid the loan.

Long-term loan represents loan that the Company has borrowed from Tang Mong Seng Holding Company Limited, carrying interest at a rate of MLR - 1.5 percent per annum (MLR of a commercial bank). This loan is unsecured and due for repayment in July 2018.

(Unit: Thousand Baht)

Long-term loan	Consolidated financial statements			
	Balance as at	Movement during the year		Balance as at
	31 December 2012	Increase	Decrease	31 December 2013
<u>The Company</u>				
Tang Mong Seng Holding Company Limited	-	100,000	-	100,000
<u>Subsidiary</u>				
Tang Mong Seng Holding Company Limited	1,471	-	(1,471)	-
	<u>1,471</u>	<u>100,000</u>	<u>(1,471)</u>	<u>100,000</u>

Long-term loan of the subsidiary represents loan that the subsidiary has borrowed from Tang Mong Seng Holding Company Limited. This loan carries interest at a rate of 4.5 percent per annum (2012: 4.5 percent per annum) and to be repaid on a monthly basis for 36 months from the contract date. The loan is secured by the pledge of the subsidiary's vehicles. During the second quarter of the current year, the subsidiary had fully paid the loan.

Directors and management's benefits

During the years ended 31 December 2013 and 2012, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Short-term employee benefits	33,420	32,075	28,495	27,863
Post-employment benefits	1,215	753	1,120	606
Total	<u>34,635</u>	<u>32,828</u>	<u>29,615</u>	<u>28,469</u>

Guarantee obligations with related party

The Company has outstanding guarantee obligations with its related party, as described in Note 26 to the financial statements.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash	211	266	140	195
Bank deposits	297,435	287,169	194,521	160,045
Total	297,646	287,435	194,661	160,240

As at 31 December 2013, bank deposits in saving accounts carried interests between 0.500 and 0.625 percent per annum (2012: between 0.625 and 0.875 percent per annum).

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<u>Trade receivable - related party</u>				
Aged on the basis of due dates				
Not yet due	-	-	137,716	175,410
Past due				
Up to 3 months	-	-	30,859	45,889
Total trade receivable - related party (Note 7)	-	-	168,575	221,299
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	406,621	449,783	244,937	264,598
Past due				
Up to 3 months	191,119	138,224	137,567	101,598
3 - 6 months	-	2,064	-	2,135
6 - 12 months	-	8,820	-	6,623
Over 12 months	23,418	24,285	7,487	8,473
Total	621,158	623,176	389,991	383,427
Less: Allowance for doubtful debts	(23,104)	(23,444)	(7,425)	(7,689)
Total trade receivables - unrelated parties, net	598,054	599,732	382,566	375,738
Total trade receivables - net	598,054	599,732	551,141	597,037

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Finished goods	608,156	608,576	(7,337)	(4,461)	600,819	604,115
Raw materials	783,015	1,005,160	(7,699)	(5,769)	775,316	999,391
Factory supplies and others	16,652	15,284	-	-	16,652	15,284
Goods in transit	-	30,427	-	-	-	30,427
Total	<u>1,407,823</u>	<u>1,659,447</u>	<u>(15,036)</u>	<u>(10,230)</u>	<u>1,392,787</u>	<u>1,649,217</u>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Finished goods	588,448	608,008	(7,337)	(4,461)	581,111	603,547
Raw materials	783,015	1,005,160	(7,699)	(5,769)	775,316	999,391
Factory supplies and others	16,652	15,284	-	-	16,652	15,284
Goods in transit	-	30,427	-	-	-	30,427
Total	<u>1,388,115</u>	<u>1,658,879</u>	<u>(15,036)</u>	<u>(10,230)</u>	<u>1,373,079</u>	<u>1,648,649</u>

11. Advance for raw material

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	31 December 2013	31 December 2012
Advance for raw material	33,955	370,996
Less: Allowance for impairment	(18,000)	(18,000)
	<u>15,955</u>	<u>352,996</u>

The advance payment for raw materials included advance cash payment of Baht 29 million (31 December 2012: Baht 33 million) to purchase raw materials from a supplier. However, the supplier was unable to deliver the raw materials to the Company during the year 2011. Subsequently, the Company negotiated a revised delivery schedule but the supplier failed to meet the schedule again and stopped delivering the goods to the Company from June 2012 onwards. However, the Company has already set up allowance for impairment of Baht 18 million into accounts.

From the causes above, the supplier has negotiated with the Company how to settle the advance for raw materials. In April 2013, the Company and the supplier entered into a settlement agreement to repayment the outstanding within 3 years. The Company's management does not expect to incur losses in excess of the impairment loss as recorded in the financial statements.

12. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding		Cost		Dividend received	
			percentage				during the year	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
			(%)	(%)				
Tamose Trading Company Limited	1,000	1,000	99.94	99.94	999	999	17,989	11,493
Meesup Transport Company Limited	9,200	9,200	99.97	99.97	10,997	10,997	6,438	3,679
Total					<u>11,996</u>	<u>11,996</u>	<u>24,427</u>	<u>15,172</u>

13. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Land		Buildings and building improvement	Machinery and factory equipment	Office equipment	Motor vehicles	Assets under construction	Total
Cost:								
1 January 2012	196,157	11,252	539,116	954,785	62,649	81,842	41,643	1,887,444
Additions	35,361	-	130	4,802	9,376	10,806	69,890	130,365
Transfers	-	-	24,899	48,876	-	600	(74,375)	-
Disposals	-	-	-	(1,940)	(3,224)	(249)	-	(5,413)
31 December 2012	231,518	11,252	564,145	1,006,523	68,801	92,999	37,158	2,012,396
Additions	-	-	-	3,596	2,159	7,808	117,466	131,029
Transfers	-	-	894	17,875	1,996	21,023	(41,788)	-
Disposals	-	-	-	(15,171)	(2,485)	(1,028)	-	(18,684)
31 December 2013	231,518	11,252	565,039	1,012,823	70,471	120,802	112,836	2,124,741
Accumulated depreciation:								
1 January 2012	-	263	200,270	552,834	40,108	47,077	-	840,552
Depreciation for the year	-	586	25,881	56,121	7,542	6,981	-	97,111
Depreciation on disposals	-	-	-	(1,705)	(3,143)	(249)	-	(5,097)
31 December 2012	-	849	226,151	607,250	44,507	53,809	-	932,566
Depreciation for the year	-	586	26,719	57,220	9,163	8,033	-	101,721
Depreciation on disposals	-	-	-	(14,964)	(2,456)	(908)	-	(18,328)
31 December 2013	-	1,435	252,870	649,506	51,214	60,934	-	1,015,959
Net book value:								
1 January 2012	196,157	10,989	338,846	401,951	22,541	34,765	41,643	1,046,892
31 December 2012	231,518	10,403	337,994	399,273	24,294	39,190	37,158	1,079,830
31 December 2013	231,518	9,817	312,169	363,317	19,257	59,868	112,836	1,108,782
Depreciation for the year								
2012 (Baht 72.34 million included in manufacturing cost, and the balance in selling and administrative expenses)								97,111
2013 (Baht 73.91 million included in manufacturing cost, and the balance in selling and administrative expenses)								101,721

(Unit: Thousand Baht)

Separate financial statements

	Land		Buildings and building improvement	Machinery and factory equipment	Office equipment	Motor vehicles	Assets under construction	Total
	Land	improvement						
Cost:								
1 January 2012	196,157	11,252	539,116	954,785	52,006	16,688	41,643	1,811,647
Additions	35,361	-	130	4,802	8,211	1,215	67,688	117,407
Transfers	-	-	22,697	48,876	-	600	(72,173)	-
Disposals	-	-	-	(1,940)	(3,090)	(249)	-	(5,279)
31 December 2012	231,518	11,252	561,943	1,006,523	57,127	18,254	37,158	1,923,775
Additions	-	-	-	3,597	1,901	-	117,407	122,905
Transfers	-	-	894	17,875	1,996	20,963	(41,728)	-
Disposals	-	-	-	(15,171)	(1,813)	(92)	-	(17,076)
31 December 2013	231,518	11,252	562,837	1,012,824	59,211	39,125	112,837	2,029,604
Accumulated depreciation:								
1 January 2012	-	263	200,270	552,834	31,958	11,770	-	797,095
Depreciation for the year	-	586	25,875	56,121	6,163	1,313	-	90,058
Depreciation on disposals	-	-	-	(1,705)	(3,011)	(249)	-	(4,965)
31 December 2012	-	849	226,145	607,250	35,110	12,834	-	882,188
Depreciation for the year	-	586	26,609	57,220	8,574	1,390	-	94,379
Depreciation on disposals	-	-	-	(14,964)	(1,797)	(91)	-	(16,852)
31 December 2013	-	1,435	252,754	649,506	41,887	14,133	-	959,715
Net book value:								
1 January 2012	196,157	10,989	338,846	401,951	20,048	4,918	41,643	1,014,552
31 December 2012	231,518	10,403	335,798	399,273	22,017	5,420	37,158	1,041,587
31 December 2013	231,518	9,817	310,083	363,318	17,324	24,992	112,837	1,069,889
Depreciation for the year								
2012 (Baht 72.34 million included in manufacturing cost, and the balance in selling and administrative expenses)								90,058
2013 (Baht 73.91 million included in manufacturing cost, and the balance in selling and administrative expenses)								94,379

As at 31 December 2013, certain equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 275 million (2012: Baht 179 million) (the Company only: Baht 252 million, 2012: Baht 161 million).

14. Intangible assets

The net book value of intangible assets as at 31 December 2013 and 2012 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	System		Total	System		Total
	Computer software	development under process		Computer software	development under process	
As at 31 December 2013						
Cost	44,101	4,387	48,488	43,694	4,387	48,081
<u>Less</u> Accumulated amortisation	(15,932)	-	(15,932)	(15,598)	-	(15,598)
Net book value	<u>28,169</u>	<u>4,387</u>	<u>32,556</u>	<u>28,096</u>	<u>4,387</u>	<u>32,483</u>
As at 31 December 2012						
Cost	43,460	3,350	46,810	43,053	3,350	46,403
<u>Less</u> Accumulated amortisation	(11,804)	-	(11,804)	(11,505)	-	(11,505)
Net book value	<u>31,656</u>	<u>3,350</u>	<u>35,006</u>	<u>31,548</u>	<u>3,350</u>	<u>34,898</u>

A reconciliation of the net book value of intangible assets for the years 2013 and 2012 is presented below.

(Unit: Thousand Baht)

	Consolidate		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Net book value at beginning of year	35,006	36,465	34,898	36,360
Acquisition of computer software	641	4,819	641	4,781
Increase of system development under process	1,037	-	1,037	-
Amortisation	(4,128)	(5,295)	(4,093)	(5,260)
Write off	-	(983)	-	(983)
Net book value at end of year	<u>32,556</u>	<u>35,006</u>	<u>32,483</u>	<u>34,898</u>

15. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (Percent per annum)	Consolidated / Separate financial statements	
		31 December 2013	31 December 2012
Short-term loans from financial institutions	3.17 - 3.47	757,858	1,469,778
Trust receipt	1.75 - 2.30	67,659	304,829
		825,517	1,774,607

The credit facilities agreement of the Company contain covenants that, among other things, required the Company to be restricted on the disposal of its assets or the creation of lien thereon without prior consent from banks, the maintenance of certain debt to equity and debt service coverage ratios according to the agreement.

As at 31 December 2013, the credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 4,954 million (2012: Baht 2,587 million).

16. Long-term credit facilities

During the third quarter of the current year, the Company entered into a long-term loan agreement with a commercial bank. The long-term credit facility is Baht 650 million. As at 31 December 2013, the Company has not yet drawn down this long-term loan.

The long-term loan agreement of the Company contains covenants that, among other things, required the Company to be restricted on the disposal of its assets or the creation of lien thereon without prior consent from banks, the maintenance of certain debt to equity and debt service coverage ratios according to the agreement.

17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2013	2012	2013	2012
Trade payables - unrelated parties	103,469	26,624	101,896	24,892
Other payables - related parties (Note 7)	-	-	14,517	15,333
Other payables - unrelated parties	43,189	46,744	40,280	44,031
Accrued expenses	48,573	44,150	40,901	35,701
Total trade and other payables	195,231	117,518	197,594	119,957

18. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Provision for long-term employee benefits at beginning of year	12,418	12,039	10,055	9,435
Current service cost	1,798	1,010	1,174	778
Interest cost	942	494	623	387
Benefits paid during the year	-	(1,125)	-	(545)
Actuarial loss	5,406	-	4,466	-
Provision for long-term employee benefits at end of year	20,564	12,418	16,318	10,055

Long-term employee benefit expenses included in the profit or loss was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Current service cost	1,798	1,010	1,174	778
Interest cost	942	494	623	387
Total expenses recognised in profit or loss	2,740	1,504	1,797	1,165
Line items under which such expenses are included in profit or loss				
Cost of sales	325	303	325	303
Selling and administrative expenses	2,415	1,201	1,472	862

The cumulative amount of actuarial losses recognised in other comprehensive income and taken as part of retained earnings of the Company and its subsidiaries as at 31 December 2013 amounted to Baht 5.4 million (The Company only: Baht 4.5 million).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.3	4.1	4.3	4.1
Future salary increase rate	3 - 9	3 - 9	3 - 9	3 - 9
Staff turnover rate (depending on age)	0 - 40	0 - 40	0 - 40	0 - 40

Amounts of defined benefit obligation for the current and previous three periods are as follows:

	Defined benefit obligation		Experience adjustments arising on the plan liabilities	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2013	20,564	16,318	5,058	4,204
Year 2012	12,418	10,055	-	-
Year 2011	12,039	9,435	-	-
Year 2010	10,646	8,355	-	-

19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

20. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Salary and wages and other employee benefits	238,168	226,693	214,503	206,087
Depreciation and amortisation expenses	105,849	102,407	98,471	95,319
Transportation expenses	39,167	40,734	107,502	101,100
Commission expenses	3,356	4,772	73,573	71,276
Raw materials and consumables used	6,248,829	6,171,982	6,248,829	6,171,982
Changes in inventories of finished goods	(420)	(125,169)	(19,560)	(125,737)

21. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
Current income tax:				
Current income tax charge	97,250	74,411	79,114	55,659
Adjustment in respect of current income tax of previous year	(3,490)	-	(3,490)	-
Deferred tax:				
Relating to origination and reversal of temporary differences	4,286	7,223	4,460	7,178
Income tax expenses reported in the statement of comprehensive income	<u>98,046</u>	<u>81,634</u>	<u>80,084</u>	<u>62,837</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
Accounting profit before tax	<u>505,347</u>	<u>339,449</u>	<u>441,643</u>	<u>274,509</u>
Applicable tax rate	20%	23%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	101,069	78,073	88,329	63,137
Adjustment in respect of current income tax of previous year	(3,490)	-	(3,490)	-
Effects of changes in the applicable tax rate	-	(1,084)	-	(1,077)
Effects of:				
Non-deductible expenses	543	1,109	379	859
Additional expense deductions allowed	(249)	(82)	(249)	(82)
Dividend income from subsidiaries	-	-	(4,885)	-
Others	173	3,618	-	-
Total	<u>467</u>	<u>4,645</u>	<u>(4,755)</u>	<u>777</u>
Income tax expenses reported in the statement of comprehensive income	<u>98,046</u>	<u>81,634</u>	<u>80,084</u>	<u>62,837</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Deferred tax relating to actuarial losses (decrease)	<u>(1,081)</u>	<u>-</u>	<u>(893)</u>	<u>-</u>

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position					
	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	31 December	31 December	1 January	31 December	31 December	1 January
	2013	2012	2012	2013	2012	2012
		(Restated)			(Restated)	
Deferred tax assets						
Allowance for doubtful accounts	4,621	4,689	4,475	1,485	1,538	1,327
Allowance for diminution in value of inventories	3,007	2,046	5,630	3,007	2,046	5,630
Allowance for advance for raw material	3,600	3,600	3,600	3,600	3,600	3,600
Provision for long-term employee benefits	4,112	2,484	2,408	3,263	2,012	1,887
Total	15,340	12,819	16,113	11,355	9,196	12,444
Deferred tax liabilities						
Difference depreciation between tax and accounting base	13,782	8,056	4,126	13,782	8,056	4,126
Total	13,782	8,056	4,126	13,782	8,056	4,126
Presentation in the statements of financial position						
Deferred tax assets	3,985	4,763	11,987	-	1,140	8,318
Deferred tax liabilities	(2,427)	-	-	(2,427)	-	-
Total	1,558	4,763	11,987	(2,427)	1,140	8,318

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

22. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

23. Segment information

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 chief operating decision maker has been identified as Managing Director.

The one main reportable operating segment of the Company and its subsidiaries is the manufacture and distribution of steel pipes for construction work for both domestic and export markets and the single geographical area of their operations is Thailand. Segment performance is measured based on operating profit or loss and total assets, on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

For the year ended 31 December 2013, export sales of the Company and its subsidiaries represented approximately 2.2 percent (31 December 2012: 5.3 percent) of total sales. The export sales of the Company only for year then ended represented approximately 2.1 percent (31 December 2012: 5.4 percent) of the Company's sales.

24. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees, the Company and its subsidiaries contribute to the fund monthly at the rate of 5 percent of basic salary. The fund will be paid to employees upon termination in accordance with the fund rules. During the year 2013, the Company and its subsidiaries contributed Baht 2.1 million (2012: Baht 2.1 million) to the fund.

25. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht/share)
Final dividends for 2011	Annual General Meeting of the shareholders on 19 April 2012	178.2	0.27
Total for 2012		178.2	0.27
Final dividends for 2012	Annual General Meeting of the shareholders on 23 April 2013	165.0	0.25
Total for 2013		165.0	0.25

26. Commitments and contingent liabilities

26.1 Capital commitments

As at 31 December 2013, the Company had capital commitments of approximately Baht 20.8 million, Euro 1.5 million and USD 0.8 million (2012: Baht 2.7 million) relating to purchases of machinery and software system development and construction consultant.

26.2 Letters of credit

The Company and its subsidiaries had commitments under letters of credit with overseas suppliers amounting to approximately USD 0.1 million and Euro 1.3 million (2012: USD 16.6 million).

26.3 Operating lease commitments

The Company and its subsidiaries had entered into several lease agreements in respect of the lease of land and motor vehicles with related parties and other companies. The terms of the agreements were generally between 3 and 10 years.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

(Unit: Million Baht)

	Consolidated financial statements			
	Related parties		Unrelated parties	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Payable:				
In up to 1 year	6.9	6.2	1.9	1.9
In over 1 and up to 2 years	6.0	2.2	1.1	2.9

(Unit: Million Baht)

	Separated financial statements			
	Related parties		Unrelated parties	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Payable:				
In up to 1 year	3.0	3.3	1.9	1.9
In over 1 and up to 2 years	1.0	1.9	1.1	2.9

26.4 Guarantees

- (1) As at 31 December 2013, there were outstanding bank guarantees of approximately Baht 50 million (2012: Baht 22 million), issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 37 million (2012: Baht 9 million) to guarantee payments due to Customs Department, Baht 12 million (2012: Baht 12 million) to guarantee electricity use and Baht 1 million (2012: Baht 1 million) to guarantee as a Gold Card importer and exporter to the Customs Department.
- (2) The Company guaranteed credit card facility of its subsidiary company amounting to Baht 1 million (2012: Baht 1 million).

27. Financial instruments

27.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade receivables and other receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, short-term and long-term borrowings. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Million Baht)					
As at 31 December 2013					
Consolidated financial statements	Fixed	Floating	Non- interest	Total	Effective
	interest rates within 1 year				
(% per annum)					
<u>Financial Assets</u>					
Cash and cash equivalent	-	298	-	298	0.500 - 0.625
Trade and other receivables	-	-	598	598	-
	-	298	598	896	
<u>Financial liabilities</u>					
Short-term loans from financial institutions	826	-	-	826	1.75 - 3.47
Long-term loan from related party	-	100	-	100	MLR - 1.5
Trade and other payables	-	-	195	195	-
	826	100	195	1,121	
(Million Baht)					
As at 31 December 2012					
Consolidated financial statements	Fixed	Floating	Non- interest	Total	Effective
	interest rates within 1 year				
(% per annum)					
<u>Financial Assets</u>					
Cash and cash equivalent	-	287	-	287	0.625 - 0.875
Trade and other receivables	-	-	600	600	-
	-	287	600	887	
<u>Financial liabilities</u>					
Short-term loans from financial institutions	1,775	-	-	1,775	2.19 - 3.95
Short-term loan from related party	75	-	-	75	4.0
Long-term loan from related party	1	-	-	1	4.5
Trade and other payables	-	-	118	118	-
	1,851	-	118	1,969	

(Million Baht)

As at 31 December 2013

Separate financial statements	Fixed	Floating	Non- interest	Total	Effective interest rate (% per annum)
	interest rates within 1 year	interest rate	bearing		
Financial Assets					
Cash and cash equivalent	-	195	-	195	0.500 - 0.625
Trade and other receivables	-	-	551	551	-
	-	195	551	746	
Financial liabilities					
Short-term loans from financial institutions	826	-	-	826	1.75 - 3.47
Long-term loan from related party	-	100	-	100	MLR - 1.5
Trade and other payables	-	-	198	198	-
	826	100	198	1,124	

(Million Baht)

As at 31 December 2012

Separate financial statements	Fixed	Floating	Non- interest	Total	Effective interest rate (% per annum)
	interest rates within 1 year	interest rate	bearing		
Financial Assets					
Cash and cash equivalent	-	160	-	160	0.625 - 0.875
Trade and other receivables	-	-	597	597	-
	-	160	597	757	
Financial liabilities					
Short-term loans from financial institutions	1,775	-	-	1,775	2.19 - 3.95
Short-term loan from related party	75	-	-	75	4.0
Trade and other payables	-	-	120	120	-
	1,850	-	120	1,970	

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies.

The Company has financial assets and financial liabilities denominated in foreign currencies which mature within one year and are unhedged for the foreign currency risk as follows:

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.3	0.7	1.6	9.9	32.7645	30.5824
Euro	-	-	0.4	-	44.9602	40.4974

27.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

28. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2013, the Group's debt-to-equity ratio was 0.5:1 (2012: 1.0:1) and the Company's was 0.6:1 (2012: 1.1:1).

29. Events after the reporting period

On 20 February 2014, the Company's Board of Directors meeting approved for payment of a final dividend of Baht 0.40 per share, or a total of approximately Baht 264 million, from the operating results for the year ended 31 December 2013.

However, this resolution will be further proposed for the shareholders' approval in the Ordinary General Meeting of Shareholders for fiscal year 2014.

30. Reclassification

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December 2012		As at 1 January 2012	
	As reclassified	As previously reported	As reclassified	As previously reported
Property, plant and equipment	1,079,830	1,071,036	1,046,892	1,038,098
Intangible assets	35,006	43,800	36,465	45,259

(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 December 2012		As at 1 January 2012	
	As reclassified	As previously reported	As reclassified	As previously reported
Property, plant and equipment	1,041,587	1,032,793	1,014,552	1,005,758
Intangible assets	34,898	43,692	36,360	45,154

The reclassifications had no effect to previously reported profit or shareholders' equity.

31. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2014.