

Pacific Pipe Public Company Limited and its subsidiaries
Report and consolidated interim financial statements
For the three-month period ended 31 March 2014

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Pacific Pipe Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Pacific Pipe Public Company Limited and its subsidiaries as at 31 March 2014, the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Pacific Pipe Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with 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 *Interim Financial Reporting*.

Chonlaros Suntiasvaraporn
Certified Public Accountant (Thailand) No. 4523

EY Office Limited
Bangkok: 9 May 2014

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2014

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>31 March 2014</u>	<u>31 December 2013</u>	<u>31 March 2014</u>	<u>31 December 2013</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		351,646	297,646	225,994	194,661
Trade and other receivables	3	639,492	598,054	581,398	551,141
Inventories	4	1,525,134	1,392,787	1,522,333	1,373,079
Advance for raw material	5	110,199	15,955	110,199	15,955
Other current assets		35,797	4,985	35,151	4,189
Total current assets		<u>2,662,268</u>	<u>2,309,427</u>	<u>2,475,075</u>	<u>2,139,025</u>
Non-current assets					
Investments in subsidiaries		-	-	11,996	11,996
Property, plant and equipment	6	1,222,400	1,108,782	1,185,343	1,069,890
Intangible assets		31,724	32,556	31,655	32,483
Deferred tax assets		4,027	3,985	-	-
Other non-current assets		125	125	-	-
Total non-current assets		<u>1,258,276</u>	<u>1,145,448</u>	<u>1,228,994</u>	<u>1,114,369</u>
Total assets		<u><u>3,920,544</u></u>	<u><u>3,454,875</u></u>	<u><u>3,704,069</u></u>	<u><u>3,253,394</u></u>

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 March 2014

(Unit: Thousand Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>31 March 2014</u>	<u>31 December 2013</u>	<u>31 March 2014</u>	<u>31 December 2013</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	7	1,202,475	825,517	1,202,475	825,517
Trade and other payables	9	134,485	195,231	144,120	197,594
Income tax payable		61,540	38,709	50,354	31,291
Other current liabilities		<u>43,910</u>	<u>27,030</u>	<u>42,484</u>	<u>25,518</u>
Total current liabilities		<u>1,442,410</u>	<u>1,086,487</u>	<u>1,439,433</u>	<u>1,079,920</u>
Non-current liabilities					
Long-term loan from related party	2	100,000	100,000	100,000	100,000
Provision for long-term employee benefits	10	21,250	20,564	16,882	16,318
Deferred tax liabilities		<u>4,834</u>	<u>2,427</u>	<u>4,834</u>	<u>2,427</u>
Total non-current liabilities		<u>126,084</u>	<u>122,991</u>	<u>121,716</u>	<u>118,745</u>
Total liabilities		<u>1,568,494</u>	<u>1,209,478</u>	<u>1,561,149</u>	<u>1,198,665</u>

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 March 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2014 (Unaudited but reviewed)	31 December 2013 (Audited)	31 March 2014 (Unaudited but reviewed)	31 December 2013 (Audited)
Shareholders' equity				
Share capital				
Registered				
660,000,000 ordinary shares of Baht 1 each	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>
Issued and fully paid up				
660,000,000 ordinary shares of Baht 1 each	660,000	660,000	660,000	660,000
Share premium				
Share premium on ordinary shares	514,845	514,845	514,845	514,845
Surplus on treasury shares	1,011	1,011	1,011	1,011
Retained earnings				
Appropriated - statutory reserve	67,000	67,000	67,000	67,000
Unappropriated	<u>1,109,194</u>	<u>1,002,541</u>	<u>900,064</u>	<u>811,873</u>
Total shareholders' equity	<u>2,352,050</u>	<u>2,245,397</u>	<u>2,142,920</u>	<u>2,054,729</u>
Total liabilities and shareholders' equity	<u>3,920,544</u>	<u>3,454,875</u>	<u>3,704,069</u>	<u>3,253,394</u>
	-	-	-	-

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

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Directors
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(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 31 March 2014

(Unit: Thousand Baht, except earnings per share expressed in Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit or loss					
Revenues					
Sales and service income	2	1,672,439	1,878,047	1,639,030	1,862,596
Exchange gain		207	20,017	219	20,017
Other income		40,846	38,535	40,718	38,075
Total revenues		<u>1,713,492</u>	<u>1,936,599</u>	<u>1,679,967</u>	<u>1,920,688</u>
Expenses					
Cost of sales and services		1,486,455	1,584,885	1,467,889	1,583,619
Selling expenses		29,645	31,414	43,085	46,236
Administrative expenses		54,876	57,785	49,487	50,972
Total expenses		<u>1,570,976</u>	<u>1,674,084</u>	<u>1,560,461</u>	<u>1,680,827</u>
Profit before finance cost					
and income tax expenses		142,516	262,515	119,506	239,861
Finance cost		(9,417)	(15,525)	(9,290)	(15,317)
Profit before income tax expenses		133,099	246,990	110,216	224,544
Income tax expenses	11	(26,446)	(49,792)	(22,025)	(45,007)
Profit for the period		<u>106,653</u>	<u>197,198</u>	<u>88,191</u>	<u>179,537</u>
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		<u>106,653</u>	<u>197,198</u>	<u>88,191</u>	<u>179,537</u>
Earnings per share					
Basic earnings per share					
Profit for the period	12	<u>0.16</u>	<u>0.30</u>	<u>0.13</u>	<u>0.27</u>

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Cash flow statement

For the three-month period ended 31 March 2014

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities				
Profit before tax	133,099	246,990	110,216	224,544
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	24,571	26,684	22,726	24,964
Allowance for doubtful accounts	166	32	78	43
Reduction of inventory to net realisable value (reversal)	(3,225)	12,102	(3,225)	12,102
Loss on sales of equipment	2	10	1	10
Provision for long-term employee benefits	686	403	564	313
Unrealised gain on exchange	-	(15,376)	-	(15,376)
Interest income	(4)	(6)	(2)	(2)
Interest expenses	9,021	15,047	9,021	15,034
Profit from operating activities before changes in operating assets and liabilities	164,316	285,886	139,379	261,632
Operating assets (increase) decrease				
Trade and other receivables	(41,603)	(33,795)	(30,334)	(33,161)
Inventories	(129,123)	(666,441)	(146,030)	(653,264)
Advance for raw material	(94,245)	27,878	(94,245)	27,878
Other current assets	(31,111)	(14,698)	(31,261)	(14,690)
Operating liabilities increase (decrease)				
Trade and other payables	(61,162)	7,434	(53,890)	8,228
Other current liabilities	16,880	10,644	16,967	10,311
Cash flows used in operating activities	(176,048)	(383,092)	(199,414)	(393,066)
Cash paid for interest expenses	(8,605)	(15,134)	(8,605)	(15,121)
Cash paid for corporate income tax	(1,250)	(1,080)	(555)	(323)
Net cash flows used in operating activities	(185,903)	(399,306)	(208,574)	(408,510)

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the three-month period ended 31 March 2014

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from investing activities				
Acquisition of plant and equipment	(137,097)	(30,932)	(137,091)	(26,429)
Acquisition of intangible assets	(262)	(100)	(262)	(100)
Interest income	304	6	302	2
Net cash flows used in investing activities	<u>(137,055)</u>	<u>(31,026)</u>	<u>(137,051)</u>	<u>(26,527)</u>
Cash flows from financing activities				
Increase in short-term loans from financial institutions	376,958	399,217	376,958	399,217
Repayment of long-term loan from related party	-	(879)	-	-
Net cash flows from financing activities	<u>376,958</u>	<u>398,338</u>	<u>376,958</u>	<u>399,217</u>
Net increase (decrease) in cash and cash equivalents	54,000	(31,994)	31,333	(35,820)
Cash and cash equivalents at beginning of period	<u>297,646</u>	<u>287,435</u>	<u>194,661</u>	<u>160,240</u>
Cash and cash equivalents at end of period	<u>351,646</u>	<u>255,441</u>	<u>225,994</u>	<u>124,420</u>
	-	-	-	-

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2014

(Unit: Thousand 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 1 January 2013	660,000	514,845	1,011	67,000	764,576	2,007,432
Total comprehensive income for the period	-	-	-	-	197,198	197,198
Balance as at 31 March 2013	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>961,774</u>	<u>2,204,630</u>
Balance as at 1 January 2014	660,000	514,845	1,011	67,000	1,002,541	2,245,397
Total comprehensive income for the period	-	-	-	-	106,653	106,653
Balance as at 31 March 2014	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>1,109,194</u>	<u>2,352,050</u>

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2014

(Unit: Thousand Baht)

Separate financial statements

	Issued and fully paid-up share capital	Share premium	Surplus on treasury shares	Retained earnings		Total shareholders' equity
				Appropriated	Unappropriated	
Balance as at 1 January 2013	660,000	514,845	1,011	67,000	618,886	1,861,742
Total comprehensive income for the period	-	-	-	-	179,537	179,537
Balance as at 31 March 2013	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>798,423</u>	<u>2,041,279</u>
Balance as at 1 January 2014	660,000	514,845	1,011	67,000	811,873	2,054,729
Total comprehensive income for the period	-	-	-	-	88,191	88,191
Balance as at 31 March 2014	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>900,064</u>	<u>2,142,920</u>

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

Pacific Pipe Public Company Limited and its subsidiaries

Notes to consolidated interim financial statements

For the three-month period ended 31 March 2014

1. General information

1.1 Corporate 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.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2012) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 Basis of consolidation

The consolidated interim financial statements included the financial statements of the Company and its subsidiaries (“the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2013. There has been no change in the composition of the Group during the current period.

1.4 New accounting standards**(a) Accounting standards that became effective in the current accounting year**

The Company and its subsidiaries disclosed the accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after 1 January 2014, in the notes to financial statements for the year ended 31 December 2013.

The Company and its subsidiaries' management have assessed the effects of the above accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, and believe that they are not relevant to the business of the Company and its subsidiaries or do not have any significant impact on the financial statements for the year when they are initially applied.

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

The Company and its subsidiaries have disclosed the financial reporting standard that will be effective in the future in the notes to financial statements for the year ended 31 December 2013.

The Company and its subsidiaries' management have assessed the effect of this financial reporting standard and believe that it is not relevant to the business of the Company and its subsidiaries.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2013.

2. 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.

(Unaudited but reviewed)

During the periods, 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 three-month periods ended 31 March				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	756.2	894.1	Reference to market price
Rental income	-	-	0.2	0.2	Contract price
Service income	-	-	0.2	0.2	Contract price
Commission paid	-	-	16.7	18.6	Contract price
Transportation expenses	-	-	21.8	21.6	Reference to market price
<u>Transactions with related party</u>					
Interest expenses	0.6	0.8	0.6	0.8	MLR-1.5 percent per annum
Office rental and service expenses	0.8	0.8	-	-	Contract price
<u>Transaction with related persons</u>					
Land rental	0.9	0.8	0.9	0.8	Contract price

The balances of the accounts as at 31 March 2014 and 31 December 2013 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Trade receivables - related parties (Note 3)</u>				
Tamose Trading Company Limited	-	-	218,280	168,575
Meesup Transport Company Limited	-	-	2	-
Total trade receivables - related parties	-	-	218,282	168,575
<u>Other receivables - related parties (Note 3)</u>				
Tamose Trading Company Limited	-	-	186	-
Meesup Transport Company Limited	-	-	30	-
Total other receivables - related parties	-	-	216	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
Other payables - related parties (Note 9)				
Tamose Trading Company Limited	-	-	14,946	11,711
Meesup Transport Company Limited	-	-	3,694	2,806
Directors	875	-	875	-
Total other payables - related parties	875	-	19,515	14,517

Loans from related party

The balances of long-term loan from related company as at 31 March 2014 and 31 December 2013 and the movement are as follows:

(Unit: Thousand Baht)

Long-term loan	Related by	Consolidated financial statements / Separate financial statements			
		Balance as at	Movement during the period		Balance as at
		31 December 2013	Increase	Decrease	31 March 2014
Tang Mong Seng Holding Company Limited	Major shareholder	100,000	-	-	100,000

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.

Directors and management's benefits

During the three-month periods ended 31 March 2014 and 2013, 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	
	2014	2013	2014	2013
Short-term employee benefits	8,787	8,219	7,556	6,988
Post-employment benefits	616	304	519	280
Total	9,403	8,523	8,075	7,268

Guarantee obligations with related party

The Company has outstanding guarantee obligations with its related party, as described in Note 13.4 to the financial statements.

3. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
<u>Trade receivable - related party</u>				
Aged on the basis of due dates				
Not yet due	-	-	184,883	137,716
Past due				
Up to 3 months	-	-	33,399	30,859
Total trade receivable - related party (Note 2)	-	-	218,282	168,575
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	539,126	406,621	315,184	244,937
Past due				
Up to 3 months	93,265	191,119	46,857	137,567
3 - 6 months	7,298	-	1,224	-
6 - 12 months	-	-	-	-
Over 12 months	23,073	23,418	7,138	7,487
Total	662,762	621,158	370,403	389,991
Less: Allowance for doubtful debts	(23,270)	(23,104)	(7,503)	(7,425)
Total trade receivables - unrelated parties, net	639,492	598,054	362,900	382,566
Total trade receivables - net	639,492	598,054	581,182	551,141
<u>Other receivables</u>				
Other receivables - related parties(Note 2)	-	-	216	-
Total trade and other receivables - net	639,492	598,054	581,398	551,141

4. Inventories

Movements in the reduced cost of inventory to net realisable value account during the three-month period ended 31 March 2014 are summarised below.

	(Unit: Thousand Baht) Consolidated / Separate financial statements
Balance as at 1 January 2014	15,036
Add: decrease in reduction costs during the period	(3,225)
Balance as at 31 March 2014	<u>11,811</u>

5. Advance for raw material

	(Unit: Thousand Baht) Consolidated / Separate financial statements	
	31 March 2014	31 December 2013
Advance for raw material	128,199	33,955
Less: Allowance for impairment	(18,000)	(18,000)
	<u>110,199</u>	<u>15,955</u>

The advance payment for raw materials as at 31 March 2014 included the advance cash payment of Baht 26 million (31 December 2013: Baht 29 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.

6. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2014	1,108,782	1,069,890
Acquisitions during the period - at cost	137,097	137,091
Disposals during the period - net book value at disposal date	(2)	(1)
Depreciation for the period	<u>(23,477)</u>	<u>(21,637)</u>
Net book value as at 31 March 2014	<u><u>1,222,400</u></u>	<u><u>1,185,343</u></u>

7. Short-term loans from financial institutions

		(Unit: Thousand Baht)	
	Interest rate	<u>Consolidated / Separate financial statements</u>	
	(Percent per annum)	<u>31 March 2014</u>	<u>31 December 2013</u>
Short-term loans from financial institutions	3.07 - 3.33	611,670	757,858
Trust receipt	3.04 - 3.32	<u>590,805</u>	<u>67,659</u>
		<u><u>1,202,475</u></u>	<u><u>825,517</u></u>

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.

8. Long-term credit facilities

In 2013, 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 March 2014, 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.

(Unaudited but reviewed)

9. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Trade payables - unrelated parties	42,478	103,469	40,356	101,896
Other payables - related parties (Note 2)	875	-	19,515	14,517
Other payables - unrelated parties	60,585	43,189	59,104	40,280
Accrued expenses	30,547	48,573	25,145	40,901
Total trade and other payables	134,485	195,231	144,120	197,594

10. Provision for long-term employee benefits

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2014	20,564	16,318
Add: Recognition during the period	686	564
Balance as at 31 March 2014	21,250	16,882

11. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, after adding back expenses and deducting income which are disallowable for tax computation purpose, using the estimated effective tax rate for the year.

Income tax expenses for the three-month periods ended 31 March 2014 and 2013 are made up as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current income tax:				
Interim corporate income tax charge	24,081	50,967	19,618	46,165
Deferred tax:				
Relating to origination and reversal of temporary differences	2,365	(1,175)	2,407	(1,158)
Income tax expenses reported in the statements of comprehensive income	26,446	49,792	22,025	45,007

12. Basic earnings per share

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

13. Commitments and contingent liabilities**13.1 Capital commitments**

As at 31 March 2014, the Company had capital commitments of approximately EUR 1.2 million, USD 0.8 million and Baht 62.6 million, relating to purchases of machinery and software system development and construction of new plant (31 December 2013: EUR 1.5 million, USD 0.8 million and Baht 20.8 million).

13.2 Letters of credit

The Company had commitments under letters of credit with overseas suppliers amounting to approximately USD 1.6 million and EUR 0.2 million (31 December 2013: USD 0.1 million and EUR 1.3 million).

13.3 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.

The Company and its subsidiaries have future minimum lease payments required under these non-cancellable operating leases contracts as follows.

(Unit: Million Baht)

	Consolidated financial statements			
	Related parties		Unrelated parties	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
Payable:				
In up to 1 year	6.2	6.9	3.4	1.9
In over 1 and up to 2 years	4.7	6.0	0.6	1.1

(Unit: Million Baht)

	Separated financial statements			
	Related parties		Unrelated parties	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
Payable:				
In up to 1 year	2.6	3.0	3.2	1.9
In over 1 and up to 2 years	0.5	1.0	0.6	1.1

13.4 Guarantees

- (1) As at 31 March 2014, there were outstanding bank guarantees of approximately Baht 50 million (31 December 2013: Baht 50 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of its business. These included letters of guarantee amounting to Baht 37 million (31 December 2013: Baht 37 million) to guarantee payments due to Customs Department, Baht 12 million (31 December 2013: Baht 12 million) to guarantee electricity use and Baht 1 million (31 December 2013: Baht 1 million) to guarantee as a Gold Card importer and exporter to the Customs Department.
- (2) The Company guarantees credit card facility of its subsidiary company amounting to Baht 1 million (31 December 2013: Baht 1 million).

14. Segment information

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, on a basis consistent with that used to measure operating profit or loss 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 three-month periods ended 31 March 2014, export sales of the Company and its subsidiaries represented approximately 2.6 percent (31 March 2013: 1.3 percent) of total sales. The export sales of the Company only for the three-month period then ended represented approximately 2.6 percent (31 March 2013: 1.4 percent) of the Company's sales.

15. Foreign currency risk

As at 31 March 2014 and 31 December 2013, the Company has financial assets and financial liabilities denominated in foreign currency which mature within one year as follows:

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.9	1.3	-	1.6	32.3948	32.7645
EUR	-	-	-	0.4	44.5470	44.9602

Foreign exchange contracts outstanding are summarised below.

As at 31 March 2014					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US dollar	2	-	33.18	-	17 July 2014

16. Event after the reporting period

On 24 April 2014, the 2014 Annual General Meeting of the Company's shareholders approved the payment of dividend to the shareholders from the profit for the year 2013 of Baht 0.40 per share, a total of Baht 264 million, which is to be paid on 9 May 2014. This dividend will be recorded in the second quarter of the current year.

17. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 May 2014.