

Pacific Pipe Public Company Limited and its subsidiaries  
Report and consolidated interim financial statements  
For the three-month and nine-month periods ended  
30 September 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 30 September 2014, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2014, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-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: 11 November 2014

**Pacific Pipe Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 30 September 2014**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>30 September 2014</u>	<u>31 December 2013</u>	<u>30 September 2014</u>	<u>31 December 2013</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		338,774	297,646	235,303	194,661
Trade and other receivables	3	664,462	598,054	583,775	551,141
Inventories	4	1,647,072	1,392,787	1,643,937	1,373,079
Advance for raw material	5	39,550	15,955	39,550	15,955
Other current assets		26,046	4,985	24,909	4,189
<b>Total current assets</b>		<u>2,715,904</u>	<u>2,309,427</u>	<u>2,527,474</u>	<u>2,139,025</u>
<b>Non-current assets</b>					
Investments in subsidiaries		-	-	11,996	11,996
Property, plant and equipment	6	1,410,635	1,108,782	1,368,499	1,069,890
Intangible assets		31,538	32,556	31,477	32,483
Deferred tax assets		4,193	3,985	-	-
Other non-current assets		125	125	-	-
<b>Total non-current assets</b>		<u>1,446,491</u>	<u>1,145,448</u>	<u>1,411,972</u>	<u>1,114,369</u>
<b>Total assets</b>		<u><u>4,162,395</u></u>	<u><u>3,454,875</u></u>	<u><u>3,939,446</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 30 September 2014**

(Unit: Thousand Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		30 September 2014	31 December 2013	30 September 2014	31 December 2013
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	7	1,716,555	825,517	1,716,555	825,517
Trade and other payables	9	101,025	195,231	103,915	197,594
Income tax payable		9,952	38,709	6,455	31,291
Other current liabilities		11,778	27,030	10,074	25,518
<b>Total current liabilities</b>		<b>1,839,310</b>	<b>1,086,487</b>	<b>1,836,999</b>	<b>1,079,920</b>
<b>Non-current liabilities</b>					
Long-term loan from related party	2	100,000	100,000	100,000	100,000
Provision for long-term employee benefits	10	22,624	20,564	18,011	16,318
Deferred tax liabilities		2,314	2,427	2,314	2,427
<b>Total non-current liabilities</b>		<b>124,938</b>	<b>122,991</b>	<b>120,325</b>	<b>118,745</b>
<b>Total liabilities</b>		<b>1,964,248</b>	<b>1,209,478</b>	<b>1,957,324</b>	<b>1,198,665</b>

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 30 September 2014**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>30 September 2014</u>	<u>31 December 2013</u>	<u>30 September 2014</u>	<u>31 December 2013</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>				
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>955,291</u>	<u>1,002,541</u>	<u>739,266</u>	<u>811,873</u>
<b>Total shareholders' equity</b>	<u>2,198,147</u>	<u>2,245,397</u>	<u>1,982,122</u>	<u>2,054,729</u>
<b>Total liabilities and shareholders' equity</b>	<u>4,162,395</u>	<u>3,454,875</u>	<u>3,939,446</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 30 September 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>
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income	2	1,692,083	1,910,178	1,675,092	1,893,021
Exchange gain		-	13,383	-	13,383
Dividend income		-	-	-	24,427
Other income		39,698	43,016	39,433	41,617
<b>Total revenues</b>		<u>1,731,781</u>	<u>1,966,577</u>	<u>1,714,525</u>	<u>1,972,448</u>
<b>Expenses</b>					
Cost of sales and services		1,588,273	1,723,623	1,585,100	1,720,369
Selling expenses		31,787	36,234	43,369	49,237
Administrative expenses		59,828	50,641	53,957	44,785
Exchange loss		80	-	56	-
<b>Total expenses</b>		<u>1,679,968</u>	<u>1,810,498</u>	<u>1,682,482</u>	<u>1,814,391</u>
<b>Profit before finance cost and income tax expenses</b>		51,813	156,079	32,043	158,057
Finance cost		(14,824)	(12,430)	(14,653)	(12,234)
<b>Profit before income tax expenses</b>		36,989	143,649	17,390	145,823
Income tax expenses	11	(7,422)	(29,080)	(3,480)	(24,255)
<b>Profit for the period</b>		<u>29,567</u>	<u>114,569</u>	<u>13,910</u>	<u>121,568</u>
<b>Other comprehensive income for the period</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		<u>29,567</u>	<u>114,569</u>	<u>13,910</u>	<u>121,568</u>
<b>Earnings per share</b>					
Basic earnings per share					
Profit for the period	12	<u>0.04</u>	<u>0.17</u>	<u>0.02</u>	<u>0.18</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 comprehensive income**

**For the nine-month period ended 30 September 2014**

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

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income	2	5,287,964	5,677,500	5,218,022	5,627,970
Dividend income	2	-	-	27,806	24,427
Other income		124,475	138,720	123,679	135,937
<b>Total revenues</b>		<u>5,412,439</u>	<u>5,816,220</u>	<u>5,369,507</u>	<u>5,788,334</u>
<b>Expenses</b>					
Cost of sales and services		4,840,254	5,081,538	4,813,633	5,076,224
Selling expenses		92,558	102,832	131,807	141,477
Administrative expenses		170,716	165,427	154,167	147,758
Exchange loss		653	22,258	618	22,258
<b>Total expenses</b>		<u>5,104,181</u>	<u>5,372,055</u>	<u>5,100,225</u>	<u>5,387,717</u>
<b>Profit before finance cost</b>					
<b>and income tax expenses</b>		308,258	444,165	269,282	400,617
Finance cost		(37,324)	(44,580)	(36,872)	(43,997)
<b>Profit before income tax expenses</b>		270,934	399,585	232,410	356,620
Income tax expenses	11	(54,170)	(76,996)	(41,017)	(63,118)
<b>Profit for the period</b>		<u>216,764</u>	<u>322,589</u>	<u>191,393</u>	<u>293,502</u>
<b>Other comprehensive income for the period</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		<u>216,764</u>	<u>322,589</u>	<u>191,393</u>	<u>293,502</u>
<b>Earnings per share</b>					
Basic earnings per share					
Profit for the period	12	<u>0.33</u>	<u>0.49</u>	<u>0.29</u>	<u>0.44</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 nine-month period ended 30 September 2014**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities</b>				
Profit before tax	270,934	399,585	232,410	356,620
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	74,531	80,163	68,648	74,673
Allowance for doubtful accounts (reversal)	1,099	(209)	430	(129)
Decrease of inventory to net realisable value	16,874	10,713	16,874	10,713
Loss on write-off/disposals of equipment	14	318	14	188
Provision for long-term employee benefits	2,060	1,211	1,693	939
Unrealised loss on exchange	16	134	16	134
Dividend income	-	-	(27,806)	(24,427)
Interest income	(1,130)	(952)	(919)	(657)
Interest expenses	35,836	43,023	35,825	43,006
Profit from operating activities before changes in operating assets and liabilities	400,234	533,986	327,185	461,060
Operating assets (increase) decrease				
Trade and other receivables	(67,436)	(82,473)	(32,994)	(70,599)
Inventories	(271,158)	66,227	(287,732)	97,342
Advance for raw material	(23,595)	259,609	(23,595)	259,609
Other current assets	(21,498)	35,736	(21,156)	36,146
Operating liabilities increase (decrease)				
Trade and other payables	(95,691)	125,846	(95,161)	119,699
Other current liabilities	(15,252)	13,570	(15,444)	19,048
Other non-current liabilities	-	(470)	-	(470)
Cash flows from (used in) operating activities	(94,396)	952,031	(148,897)	921,835
Cash paid for interest expenses	(34,352)	(44,781)	(34,341)	(44,764)
Cash paid for corporate income tax	(83,247)	(98,810)	(65,966)	(80,854)
<b>Net cash flows from (used in) operating activities</b>	<u>(211,995)</u>	<u>808,440</u>	<u>(249,204)</u>	<u>796,217</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 (continued)**

**For the nine-month period ended 30 September 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>
<b>Cash flows from investing activities</b>				
Acquisition of plant and equipment	(372,981)	(84,010)	(363,866)	(76,072)
Acquisition of intangible assets	(2,399)	(802)	(2,399)	(802)
Dividend income	-	-	27,806	24,427
Interest income	1,567	734	1,355	438
Proceeds from sales of equipment	-	20	-	20
<b>Net cash flows used in investing activities</b>	<u>(373,813)</u>	<u>(84,058)</u>	<u>(337,104)</u>	<u>(51,989)</u>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans				
from financial institutions	890,950	(544,426)	890,950	(544,426)
Cash receipt from loans from related party	-	100,000	-	100,000
Repayment of loans from related party	-	(76,471)	-	(75,000)
Dividend paid	(264,014)	(165,011)	(264,000)	(164,999)
<b>Net cash flows from (used in) financing activities</b>	<u>626,936</u>	<u>(685,908)</u>	<u>626,950</u>	<u>(684,425)</u>
<b>Net increase in cash and cash equivalents</b>	41,128	38,474	40,642	59,803
Cash and cash equivalents at beginning of period	<u>297,646</u>	<u>287,435</u>	<u>194,661</u>	<u>160,240</u>
<b>Cash and cash equivalents at end of period</b>	<u>338,774</u>	<u>325,909</u>	<u>235,303</u>	<u>220,043</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 nine-month period ended 30 September 2014**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>					<b>Total shareholders' equity</b>
	<b>Issued and fully paid-up share capital</b>	<b>Share premium</b>	<b>Surplus on treasury shares</b>	<b>Retained earnings</b>		
				<b>Appropriated</b>	<b>Unappropriated</b>	
<b>Balance as at 1 January 2013</b>	660,000	514,845	1,011	67,000	764,576	2,007,432
Dividend paid (Note 13)	-	-	-	-	(165,011)	(165,011)
Total comprehensive income for the period	-	-	-	-	322,589	322,589
<b>Balance as at 30 September 2013</b>	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>922,154</u>	<u>2,165,010</u>
<b>Balance as at 1 January 2014</b>	660,000	514,845	1,011	67,000	1,002,541	2,245,397
Dividend paid (Note 13)	-	-	-	-	(264,014)	(264,014)
Total comprehensive income for the period	-	-	-	-	216,764	216,764
<b>Balance as at 30 September 2014</b>	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>955,291</u>	<u>2,198,147</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 nine-month period ended 30 September 2014**

(Unit: Thousand Baht)

	<b>Separate financial statements</b>					<b>Total shareholders' equity</b>
	<b>Issued and fully paid-up share capital</b>	<b>Share premium</b>	<b>Surplus on treasury shares</b>	<b>Retained earnings</b>		
				<b>Appropriated</b>	<b>Unappropriated</b>	
<b>Balance as at 1 January 2013</b>	660,000	514,845	1,011	67,000	618,886	1,861,742
Dividend paid (Note 13)	-	-	-	-	(164,999)	(164,999)
Total comprehensive income for the period	-	-	-	-	293,502	293,502
<b>Balance as at 30 September 2013</b>	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>747,389</u>	<u>1,990,245</u>
<b>Balance as at 1 January 2014</b>	660,000	514,845	1,011	67,000	811,873	2,054,729
Dividend paid (Note 13)	-	-	-	-	(264,000)	(264,000)
Total comprehensive income for the period	-	-	-	-	191,393	191,393
<b>Balance as at 30 September 2014</b>	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>739,266</u>	<u>1,982,122</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 and nine-month periods ended 30 September 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.

<u>Name of entities</u>	<u>Nature of relationships</u>
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

(Unaudited but reviewed)

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 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 30 September				Transfer Pricing Policy
	Consolidated		Separate		
	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	-	-	797.1	890.0	Reference to market price
Rental income	-	-	0.2	0.2	Contract price
Service income	-	-	0.2	0.2	Contract price
Commission paid	-	-	16.8	19.2	Contract price
Transportation expenses	-	-	22.0	23.3	Reference to market price
<u>Transactions with related party</u>					
Interest expenses	1.3	1.2	1.3	1.3	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	0.8	0.9	0.8	0.9	Contract price

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer Pricing Policy
	Consolidated		Separate		
	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	-	-	2,413.4	2,669.7	Reference to market price

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September				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>	
Rental income	-	-	0.5	0.5	<i>Contract price</i>
Service income	-	-	0.6	0.6	<i>Contract price</i>
Commission paid	-	-	53.1	56.4	<i>Contract price</i>
Transportation expenses	-	-	65.2	65.4	<i>Reference to market price</i>
<u>Transactions with related party</u>					
Interest expenses	4.0	2.8	4.0	2.8	<i>MLR-1.5 percent per annum</i>
Office rental and service expenses	2.4	2.4	-	-	<i>Contract price</i>
<u>Transaction with related persons</u>					
Land rental	2.6	2.5	2.6	2.5	<i>Contract price</i>

The balances of the accounts as at 30 September 2014 and 31 December 2013 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	30 September	31 December	30 September	31 December
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b><u>Trade receivable - related party (Note 3)</u></b>				
Tamose Trading Company Limited	-	-	214,901	168,575
<b>Total trade receivable - related party</b>	<b>-</b>	<b>-</b>	<b>214,901</b>	<b>168,575</b>
<b><u>Other receivables - related parties (Note 3)</u></b>				
Tamose Trading Company Limited	-	-	558	-
Meesup Transport Company Limited	-	-	89	-
<b>Total other receivables - related parties</b>	<b>-</b>	<b>-</b>	<b>647</b>	<b>-</b>
<b><u>Other payables - related parties (Note 9)</u></b>				
Tamose Trading Company Limited	-	-	11,941	11,711
Meesup Transport Company Limited	-	-	3,615	2,806
Directors	2,625	-	2,625	-
<b>Total other payables - related parties</b>	<b>2,625</b>	<b>-</b>	<b>18,181</b>	<b>14,517</b>

Loans from related party

The balances of long-term loan from related company as at 30 September 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	30 September 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.

Dividend income

During the second quarter of the current year, the Company recognised dividend income from Tamose Trading Company Limited and Meesup Transport Company Limited of Baht 20.0 million and Baht 7.8 million, respectively, in the separate financial statements.

Directors and management's benefits

During the nine-month periods ended 30 September 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	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Short-term employee benefits	27,091	24,859	23,396	21,166
Post-employment benefits	1,851	911	1,561	840
Total	<u>28,942</u>	<u>25,770</u>	<u>24,957</u>	<u>22,006</u>

Guarantee obligations with related party

The Company has outstanding guarantee obligations with its related party, as described in Note 14.4 to the financial statements.

(Unaudited but reviewed)

**3. Trade and other receivables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
<u>Trade receivable - related party</u>				
Aged on the basis of due dates				
Not yet due	-	-	194,658	137,716
Past due				
Up to 3 months	-	-	20,243	30,859
Total trade receivable - related party (Note 2)	-	-	214,901	168,575
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	516,198	406,621	295,464	244,937
Past due				
Up to 3 months	116,315	191,119	66,039	137,567
3 - 6 months	27,963	-	6,130	-
6 - 12 months	5,258	-	1,312	-
Over 12 months	22,931	23,418	7,137	7,487
Total	688,665	621,158	376,082	389,991
Less: Allowance for doubtful debts	(24,203)	(23,104)	(7,855)	(7,425)
Total trade receivables - unrelated parties, net	664,462	598,054	368,227	382,566
Total trade receivables - net	664,462	598,054	583,128	551,141
<u>Other receivables</u>				
Other receivables - related parties (Note 2)	-	-	647	-
Total trade and other receivables - net	664,462	598,054	583,775	551,141

**4. Inventories**

Movements in the reduced cost of inventory to net realisable value account during the nine-month period ended 30 September 2014 are summarised below.

	(Unit: Thousand Baht)
	Consolidated / Separate financial statements
<b>Balance as at 1 January 2014</b>	15,036
Less: Record during the period	16,874
<b>Balance as at 30 September 2014</b>	31,910

**5. Advance for raw material**

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	30 September 2014	31 December 2013
Advance for raw material	57,550	33,955
Less: Allowance for impairment	(18,000)	(18,000)
	39,550	15,955

The advance payment for raw materials as at 30 September 2014 included the advance cash payment of Baht 21 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 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 nine-month period ended 30 September 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Net book value as at 1 January 2014</b>	1,108,782	1,069,890
Acquisitions during the period - at cost	372,981	363,866
Write-off during the period - net book value at write-off date	(14)	(14)
Depreciation for the period	(71,114)	(65,243)
<b>Net book value as at 30 September 2014</b>	1,410,635	1,368,499

**7. Short-term loans from financial institutions**

(Unit: Thousand Baht)

	Interest rate (Percent per annum)	Consolidated / Separate financial statements	
		30 September 2014	31 December 2013
Short-term loans from financial institutions	3.10 - 3.43	1,615,628	757,858
Trust receipt	1.95 - 2.15	100,927	67,659
		<u>1,716,555</u>	<u>825,517</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 30 September 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.

**9. Trade and other payables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Trade payables - unrelated parties	4,942	103,469	2,349	101,896
Other payables - related parties (Note 2)	2,625	-	18,181	14,517
Other payables - unrelated parties	60,178	43,189	56,547	40,280
Accrued expenses	33,280	48,573	26,838	40,901
Total trade and other payables	<u>101,025</u>	<u>195,231</u>	<u>103,915</u>	<u>197,594</u>

**10. Provision for long-term employee benefits**

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Balance as at 1 January 2014</b>	20,564	16,318
Add: Recognition during the period	2,060	1,693
<b>Balance as at 30 September 2014</b>	<u>22,624</u>	<u>18,011</u>

**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 and nine-month periods ended 30 September 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	11,195	22,907	7,102	18,072
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(3,773)	6,173	(3,622)	6,183
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>7,422</u>	<u>29,080</u>	<u>3,480</u>	<u>24,255</u>

	(Unit: Thousand Baht)			
	For the nine-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	54,490	75,022	41,130	61,105
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(320)	1,974	(113)	2,013
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>54,170</u>	<u>76,996</u>	<u>41,017</u>	<u>63,118</u>

**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. Dividends**

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht/share)
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
Final dividends for 2013	Annual General Meeting of the shareholders on 24 April 2014	264.0	0.40
Total for 2014		264.0	0.40

**14. Commitments and contingent liabilities****14.1 Capital commitments**

As at 30 September 2014, the Company had capital commitments of approximately EUR 0.1 million and Baht 52.7 million, relating to purchases of machinery and construction of new plant (31 December 2013: EUR 1.5 million, USD 0.8 million and Baht 20.8 million).

**14.2 Letters of credit**

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

### 14.3 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	
	30 September	31 December	30 September	31 December
	2014	2013	2014	2013
Payable:				
In up to 1 year	4.7	6.9	2.1	1.9
In over 1 and up to 2 years	2.6	6.0	-	1.1

(Unit: Million Baht)

	Separated financial statements			
	Related parties		Unrelated parties	
	30 September	31 December	30 September	31 December
	2014	2013	2014	2013
Payable:				
In up to 1 year	1.5	3.0	2.0	1.9
In over 1 and up to 2 years	-	1.0	-	1.1

### 14.4 Guarantees

- (1) As at 30 September 2014, there were outstanding bank guarantees of approximately Baht 59 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 46 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).

**15. 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 and nine-month periods ended 30 September 2014, export sales of the Company and its subsidiaries represented approximately 1.2 and 2.2 percent (30 September 2013: 1.3 and 1.9 percent) of total sales. The export sales of the Company only for the three-month and nine-month periods then ended represented approximately 1.0 and 2.0 percent (30 September 2013: 1.2 and 1.8 percent) of the Company's sales.

**16. Foreign currency risk**

As at 30 September 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	
	30 September	31 December	30 September	31 December	30 September	31 December
	2014	2013	2014	2013	2014	2013
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.5	1.3	1.9	1.6	32.3269	32.7645
EUR	-	-	1.1	0.4	41.0153	44.9602

**17. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 November 2014.