

Pacific Pipe Public Company Limited and its subsidiaries
Report and consolidated financial statements
31 December 2014

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 2014, 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 judgement, 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 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Chonlaros Suntiasvaraporn
Certified Public Accountant (Thailand) No. 4523

EY Office Limited
Bangkok: 24 February 2015

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
Assets					
Current assets					
Cash and cash equivalents	7	331,679,384	297,646,253	184,440,958	194,660,553
Trade and other receivables	8	578,920,221	598,054,239	542,060,124	551,141,342
Inventories	9	1,574,628,949	1,392,786,704	1,558,551,799	1,373,078,619
Advance for raw material	10	3,224,277	15,954,690	3,224,277	15,954,690
Other current assets		19,928,638	4,985,383	18,941,543	4,189,859
Total current assets		2,508,381,469	2,309,427,269	2,307,218,701	2,139,025,063
Non-current assets					
Investments in subsidiaries	11	-	-	11,996,100	11,996,100
Property, plant and equipment	12	1,452,537,161	1,108,782,067	1,412,353,818	1,069,889,503
Intangible assets	13	31,849,683	32,555,530	31,792,414	32,482,722
Deferred tax assets	20	8,064,297	3,984,930	3,864,837	-
Other non-current assets		125,127	125,127	-	-
Total non-current assets		1,492,576,268	1,145,447,654	1,460,007,169	1,114,368,325
Total assets		4,000,957,737	3,454,874,923	3,767,225,870	3,253,393,388

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 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	14	1,390,040,288	825,516,510	1,390,040,288	825,516,510
Trade and other payables	15	100,780,011	195,231,439	112,483,372	197,594,160
Income tax payable		6,829,887	38,709,189	-	31,291,281
Other current liabilities		16,443,065	27,030,379	14,182,577	25,517,762
Total current liabilities		1,514,093,251	1,086,487,517	1,516,706,237	1,079,919,713
Non-current liabilities					
Long-term loan from related party	6	100,000,000	100,000,000	100,000,000	100,000,000
Long-term loans from financial institution	16	201,000,000	-	201,000,000	-
Deferred tax liabilities	20	-	2,426,655	-	2,426,655
Provision for long-term employee benefits	17	23,402,685	20,563,536	18,666,783	16,318,049
Total non-current liabilities		324,402,685	122,990,191	319,666,783	118,744,704
Total liabilities		1,838,495,936	1,209,477,708	1,836,373,020	1,198,664,417
Shareholders' equity					
Share capital					
Registered					
660,000,000 ordinary shares of Baht 1 each		660,000,000	660,000,000	660,000,000	660,000,000
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
Share premium					
Share premium on ordinary shares		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
Retained earnings					
Appropriated - statutory reserve	18	67,000,000	67,000,000	67,000,000	67,000,000
Unappropriated		919,605,890	1,002,541,304	687,996,939	811,873,060
Total shareholders' equity		2,162,461,801	2,245,397,215	1,930,852,850	2,054,728,971
Total liabilities and shareholders' equity		4,000,957,737	3,454,874,923	3,767,225,870	3,253,393,388
		-	-	-	-

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

Directors

Pacific Pipe Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Profit or loss					
Revenues					
Sales and service income	6	6,849,020,065	7,277,986,243	6,777,486,656	7,222,130,229
Exchange gains		436,704	-	447,531	-
Dividend income	11	-	-	27,805,654	24,427,268
Other income		170,493,322	192,808,859	169,501,635	189,277,567
Total revenues		7,019,950,091	7,470,795,102	6,975,241,476	7,435,835,064
Expenses					
Cost of sales and services		6,394,219,183	6,525,828,341	6,378,670,492	6,527,914,057
Selling expenses		120,942,985	135,236,088	171,500,769	184,908,759
Administrative expenses		226,819,912	224,849,283	205,854,825	202,574,169
Exchange losses		-	24,501,074	-	24,501,074
Total expenses		6,741,982,080	6,910,414,786	6,756,026,086	6,939,898,059
Profit before finance cost					
and income tax expenses		277,968,011	560,380,316	219,215,390	495,937,005
Finance cost		(51,657,539)	(55,032,949)	(51,047,743)	(54,294,258)
Profit before income tax expenses		226,310,472	505,347,367	168,167,647	441,642,747
Income tax expenses	20	(45,231,540)	(98,046,305)	(28,043,768)	(80,083,690)
Profit for the year		181,078,932	407,301,062	140,123,879	361,559,057
Other comprehensive income:					
Actuarial losses	17	-	(5,405,760)	-	(4,465,985)
Income tax effect	20	-	1,081,152	-	893,197
Other comprehensive income for the year		-	(4,324,608)	-	(3,572,788)
Total comprehensive income for the year		181,078,932	402,976,454	140,123,879	357,986,269
Basic earnings per share					
Profit for the year	21	0.27	0.62	0.21	0.55

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 2014

(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 1 January 2013	660,000,000	514,845,000	1,010,911	67,000,000	764,576,332	2,007,432,243
Dividend paid (Note 24)	-	-	-	-	(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>
						-
Balance as at 1 January 2014	660,000,000	514,845,000	1,010,911	67,000,000	1,002,541,304	2,245,397,215
Dividend paid (Note 24)	-	-	-	-	(264,014,346)	(264,014,346)
Total comprehensive income for the year	-	-	-	-	181,078,932	181,078,932
Balance as at 31 December 2014	<u>660,000,000</u>	<u>514,845,000</u>	<u>1,010,911</u>	<u>67,000,000</u>	<u>919,605,890</u>	<u>2,162,461,801</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 2014

(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 1 January 2013	660,000,000	514,845,000	1,010,911	67,000,000	618,885,541	1,861,741,452
Dividend paid (Note 24)	-	-	-	-	(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>
						-
Balance as at 1 January 2014	660,000,000	514,845,000	1,010,911	67,000,000	811,873,060	2,054,728,971
Dividend paid (Note 24)	-	-	-	-	(264,000,000)	(264,000,000)
Total comprehensive income for the year	-	-	-	-	140,123,879	140,123,879
Balance as at 31 December 2014	<u>660,000,000</u>	<u>514,845,000</u>	<u>1,010,911</u>	<u>67,000,000</u>	<u>687,996,939</u>	<u>1,930,852,850</u>

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 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities				
Profit before tax	226,310,472	505,347,367	168,167,647	441,642,747
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	100,316,084	105,849,138	92,476,599	98,471,243
Allowance for doubtful accounts (reversal)	1,359,319	(339,620)	777,073	(263,836)
Reduction of inventory to net realisable value	53,907,394	4,805,752	53,907,394	4,805,752
Loss on write-off/disposals of equipment	17,791	335,610	17,317	203,414
Provision for long-term employee benefits	2,839,149	2,740,259	2,348,734	1,797,125
Unrealised loss (gain) on exchange	(1,723,887)	2,546,379	(1,723,887)	2,546,379
Dividend income	-	-	(27,805,654)	(24,427,268)
Interest income	(1,558,104)	(1,807,052)	(1,170,060)	(1,286,244)
Interest expenses	49,703,089	53,268,901	49,690,216	53,252,285
Profit from operating activities before changes in operating assets and liabilities	431,171,307	672,746,734	336,685,379	576,741,597
Operating assets (increase) decrease				
Trade and other receivables	17,774,699	2,848,953	8,304,145	46,991,490
Inventories	(235,749,639)	251,624,049	(239,380,574)	270,764,396
Advance for raw material	12,730,413	337,041,252	12,730,413	337,041,252
Other current assets	(14,549,460)	47,612,960	(14,357,890)	47,410,563
Operating liabilities increase (decrease)				
Trade and other payables	(93,988,079)	80,300,367	(84,647,439)	80,224,573
Other current liabilities	(10,587,314)	(371,513)	(11,335,185)	4,555,497
Cash flows from operating activities	106,801,927	1,391,802,802	7,998,849	1,363,729,368
Cash paid for interest expenses	(50,166,438)	(55,856,217)	(50,153,565)	(55,839,602)
Cash paid for corporate income tax	(84,447,193)	(100,469,787)	(66,456,870)	(81,717,054)
Net cash flows from (used in) operating activities	(27,811,704)	1,235,476,798	(108,611,586)	1,226,172,712

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 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from investing activities				
Acquisition of property, plant and equipment	(439,466,352)	(131,029,007)	(430,351,152)	(122,905,141)
Acquisition of intangible assets	(3,939,200)	(1,677,880)	(3,939,200)	(1,677,880)
Dividend income	-	-	27,805,654	24,427,268
Interest income	1,994,638	1,370,518	1,606,594	849,710
Proceeds from sales of equipment	<u>22,430</u>	<u>20,691</u>	<u>22,430</u>	<u>20,691</u>
Net cash flows used in investing activities	<u>(441,388,484)</u>	<u>(131,315,678)</u>	<u>(404,855,674)</u>	<u>(99,285,352)</u>
Cash flows from financing activities				
Increase (decrease) in short-term loans				
from financial institutions	566,247,665	(952,467,979)	566,247,665	(952,467,979)
Cash receipt from long-term loan from related party	-	100,000,000	-	100,000,000
Cash receipt from long-term loans from financial institution	201,000,000	-	201,000,000	-
Repayment of long-term loan from related party	-	(76,470,734)	-	(75,000,000)
Dividend paid	<u>(264,014,346)</u>	<u>(165,011,482)</u>	<u>(264,000,000)</u>	<u>(164,998,750)</u>
Net cash flows from (used in) financing activities	<u>503,233,319</u>	<u>(1,093,950,195)</u>	<u>503,247,665</u>	<u>(1,092,466,729)</u>
Net increase (decrease) in cash and cash equivalents	<u>34,033,131</u>	<u>10,210,925</u>	<u>(10,219,595)</u>	<u>34,420,631</u>
Cash and cash equivalents at beginning of year	<u>297,646,253</u>	<u>287,435,328</u>	<u>194,660,553</u>	<u>160,239,922</u>
Cash and cash equivalents at end of year	<u>331,679,384</u>	<u>297,646,253</u>	<u>184,440,958</u>	<u>194,660,553</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 2014

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	
			2014 Percent	2013 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

b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - d) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- 2.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

3. **New financial reporting standards**

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Financial reporting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

(b) Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles and relate to the Company and its subsidiaries, as discussed below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognised actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 Consolidated and Separate Financial Statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

4. Significant accounting policies

4.1 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.

4.2 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.

4.3 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.

4.4 Inventories

The Company and its subsidiary presented value of finished goods at the lower of cost (under the weighted average method) and net realisable value. Cost includes all production costs, wages 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.

4.5 Investments

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

4.6 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.

4.7 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.

4.8 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

4.9 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.

4.10 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.

4.11 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.

4.12 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.

4.13 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.

4.14 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.

5. 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.

6. 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>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	-	-	3,184	3,389	Reference to market price
Purchases of goods	-	-	9.5	-	Reference to market price
Rental income	-	-	0.7	0.7	Contract price
Service income	-	-	0.8	0.8	Contract price
Commission paid	-	-	68	73	Contract price
Transportation expenses	-	-	86	87	Reference to market price
<u>Transactions with related party</u>					
Interest expenses	5.3	4.2	5.3	4.2	MLR - 1.5 percent per annum
Office rental and service expenses	3.2	3.2	-	-	Contract price
<u>Transaction with related persons</u>					
Land rental	3.9	3.4	3.9	3.4	Contract price

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<u>Trade receivable - related party (Note 8)</u>				
Tamose Trading Company Limited	-	-	217,639	168,575
Total trade receivable - related party	-	-	217,639	168,575
<u>Trade payable - related party (Note 15)</u>				
Tamose Trading Company Limited	-	-	7,390	-
Total trade payable - related party	-	-	7,390	-
<u>Other payables - related parties (Note 15)</u>				
Tamose Trading Company Limited	-	-	10,900	11,711
Meesup Transport Company Limited	-	-	2,878	2,806
Total other payables - related parties	-	-	13,778	14,517

Loans from related party

As at 31 December 2014 and 2013, the balance of long-term loan from related company and the movement is as follow:

(Unit: Thousand Baht)

Long-term loan	Related by	Consolidated financial statements / Separate financial statements			
		Balance as at 31 December 2013	Movement during the year		Balance as at 31 December 2014
			Increase	Decrease	
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 years ended 31 December 2014 and 2013, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Short-term employee benefits	35,930	33,420	31,004	28,495
Post-employment benefits	2,370	1,215	2,157	1,120
Total	38,300	34,635	33,161	29,615

Guarantee obligations with related party

The Company has outstanding guarantee obligations with its related party, as described in Note 25.4 to the financial statements.

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash	265	211	195	140
Bank deposits	331,414	297,435	184,246	194,521
Total	<u>331,679</u>	<u>297,646</u>	<u>184,441</u>	<u>194,661</u>

As at 31 December 2014, bank deposits in saving accounts carried interests between 0.375 and 0.500 percent per annum (2013: between 0.500 and 0.625 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Trade receivable - related party</u>				
Aged on the basis of due dates				
Not yet due	-	-	163,695	137,716
Past due				
Up to 3 months	-	-	53,944	30,859
Total trade receivable - related party (Note 6)	<u>-</u>	<u>-</u>	<u>217,639</u>	<u>168,575</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	415,788	406,621	241,094	244,937
Past due				
Up to 3 months	134,363	191,119	79,217	137,567
3 - 6 months	16,159	-	643	-
6 - 12 months	13,662	-	4,216	-
Over 12 months	23,412	23,418	7,453	7,487
Total	<u>603,384</u>	<u>621,158</u>	<u>332,623</u>	<u>389,991</u>
Less: Allowance for doubtful debts	<u>(24,464)</u>	<u>(23,104)</u>	<u>(8,202)</u>	<u>(7,425)</u>
Total trade receivables - unrelated parties, net	<u>578,920</u>	<u>598,054</u>	<u>324,421</u>	<u>382,566</u>
Total trade receivables - net	<u>578,920</u>	<u>598,054</u>	<u>542,060</u>	<u>551,141</u>

9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Finished goods	823,307	608,156	(30,442)	(7,337)	792,865	600,819
Raw materials	801,501	783,015	(38,501)	(7,699)	763,000	775,316
Factory supplies and others	17,679	16,652	-	-	17,679	16,652
Goods in transit	1,085	-	-	-	1,085	-
Total	1,643,572	1,407,823	(68,943)	(15,036)	1,574,629	1,392,787

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Finished goods	808,306	588,448	(30,442)	(7,337)	777,864	581,111
Raw materials	801,501	783,015	(38,501)	(7,699)	763,000	775,316
Factory supplies and others	17,679	16,652	-	-	17,679	16,652
Goods in transit	9	-	-	-	9	-
Total	1,627,495	1,388,115	(68,943)	(15,036)	1,558,552	1,373,079

During the current year, the Company reduced cost of inventories by Baht 53.9 million (2013: Baht 4.8 million), to reflect the net realisable value.

10. Advance for raw material

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	31 December 2014	31 December 2013
Advance for raw material	21,224	33,955
Less: Allowance for impairment	(18,000)	(18,000)
	<u>3,224</u>	<u>15,955</u>

The advance payment for raw materials included 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 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.

11. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
			(%)	(%)				
Tamose Trading Company Limited	1,000	1,000	99.94	99.94	999	999	19,988	17,989
Meesup Transport Company Limited	9,200	9,200	99.97	99.97	10,997	10,997	7,818	6,438
Total					<u>11,996</u>	<u>11,996</u>	<u>27,806</u>	<u>24,427</u>

12. 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
	Land	improvement	improvement	equipment	equipment	vehicles	construction	Total
Cost:								
1 January 2013	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
Additions	4,606	-	-	6,001	2,697	9,106	417,056	439,466
Transfers	-	538	216	195,101	452	1,245	(197,552)	-
Disposals/write-off	-	-	-	(4,006)	(1,216)	-	-	(5,222)
31 December 2014	236,124	11,790	565,255	1,209,919	72,404	131,153	332,340	2,558,985
Accumulated depreciation:								
1 January 2013	-	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
Depreciation for the year	-	604	26,757	50,535	8,506	9,269	-	95,671
Depreciation on disposals/ write-off	-	-	-	(3,993)	(1,189)	-	-	(5,182)
31 December 2014	-	2,039	279,627	696,048	58,531	70,203	-	1,106,448
Net book value:								
31 December 2013	231,518	9,817	312,169	363,317	19,257	59,868	112,836	1,108,782
31 December 2014	236,124	9,751	285,628	513,871	13,873	60,950	332,340	1,452,537
Depreciation for the year								
2013 (Baht 73.91 million included in manufacturing cost, and the balance in selling and administrative expenses)								101,721
2014 (Baht 68.76 million included in manufacturing cost, and the balance in selling and administrative expenses)								95,671

12. Property, plant and equipment (continued)

(Unit: Thousand Baht)

	Separate financial statements							Total
	Land		Buildings and building improvement	Machinery and factory equipment	Office equipment	Motor vehicles	Assets under construction	
	Land	improvement	improvement	equipment	equipment	vehicles	construction	
Cost:								
1 January 2013	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
Additions	4,606	-	-	6,001	2,687	-	417,057	430,351
Transfers	-	538	217	195,100	452	1,246	(197,553)	-
Disposals/write-off	-	-	-	(4,006)	(1,100)	-	-	(5,106)
31 December 2014	236,124	11,790	563,054	1,209,919	61,250	40,371	332,341	2,454,849
Accumulated depreciation:								
1 January 2013	-	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
Depreciation for the year	-	604	26,646	50,535	7,940	2,121	-	87,846
Depreciation on disposals/ write-off	-	-	-	(3,993)	(1,073)	-	-	(5,066)
31 December 2014	-	2,039	279,400	696,048	48,754	16,254	-	1,042,495
Net book value:								
31 December 2013	231,518	9,817	310,083	363,318	17,324	24,992	112,837	1,069,889
31 December 2014	236,124	9,751	283,654	513,871	12,496	24,117	332,341	1,412,354
Depreciation for the year								
2013 (Baht 73.91 million included in manufacturing cost, and the balance in selling and administrative expenses)								94,379
2014 (Baht 68.76 million included in manufacturing cost, and the balance in selling and administrative expenses)								87,846

As at 31 December 2014, certain items of equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 330 million (2013: Baht 231 million) (the Company only: Baht 300 million, 2013: Baht 209 million).

13. Intangible assets

The net book value of intangible assets as at 31 December 2014 and 2013 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 2014						
Cost	51,881	546	52,427	51,474	546	52,020
<u>Less</u> Accumulated amortisation	(20,577)	-	(20,577)	(20,228)	-	(20,228)
Net book value	<u>31,304</u>	<u>546</u>	<u>31,850</u>	<u>31,246</u>	<u>546</u>	<u>31,792</u>
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>

A reconciliation of the net book value of intangible assets for the years 2014 and 2013 is presented below.

(Unit: Thousand Baht)

	Consolidate		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Net book value at beginning of year	32,556	35,006	32,483	34,898
Acquisition of computer software	1,293	641	1,293	641
Increase of system development under process	2,646	1,037	2,646	1,037
Amortisation	(4,645)	(4,128)	(4,630)	(4,093)
Net book value at end of year	<u>31,850</u>	<u>32,556</u>	<u>31,792</u>	<u>32,483</u>

14. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (Percent per annum)	Consolidated / Separate financial statements	
		31 December 2014	31 December 2013
Short-term loans from financial institutions	3.15 - 3.43	1,217,920	757,858
Trust receipt	1.95 - 2.15	172,120	67,659
		<u>1,390,040</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.

As at 31 December 2014, the credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 4,462 million (2013: Baht 4,954 million).

15. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Trade payables - unrelated parties	1,437	103,469	-	101,896
Trade payables - related party (Note 6)	-	-	7,390	-
Other payables - related parties (Note 6)	-	-	13,778	14,517
Other payables - unrelated parties	63,267	43,189	61,586	40,280
Accrued expenses	36,076	48,573	29,729	40,901
Total trade and other payables	<u>100,780</u>	<u>195,231</u>	<u>112,483</u>	<u>197,594</u>

16. Long-term loans from financial institution

(Unit: Thousand Baht)

Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements/ Separate financial statements	
			2014	2013
1	MLR - 2.4	Monthly installment as from January 2016	201,000	-
Less: Portion due within one year			-	-
Long-term loans - net of current portion			201,000	-

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 December 2014, the credit facilities of the Company which has not yet been drawn down amounted to Baht 449 million (2013: Baht 650 million).

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. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employee after they retire from the Company and its subsidiaries, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Provision for long-term employee benefits at beginning of year	20,564	12,418	16,318	10,055
Current service cost	1,955	1,798	1,647	1,174
Interest cost	884	942	702	623
Actuarial loss	-	5,406	-	4,466
Provision for long-term employee benefits at end of year	23,403	20,564	18,667	16,318

Long-term employee benefit expenses included in the profit or loss consist of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Current service cost	1,955	1,798	1,647	1,174
Interest cost	884	942	702	623
Total expenses recognised in profit or loss	2,839	2,740	2,349	1,797
Line items in profit or loss under which such expenses are included				
Cost of sales	469	325	469	325
Selling and administrative expenses	2,370	2,415	1,880	1,472

As at 31 December 2014, cumulative actuarial losses, which were recognised in other comprehensive income of the Company and its subsidiaries, amounted to Baht 5.4 million (2013: Baht 5.4 million) (The Company only: Baht 4.5 million and 2013: Baht 4.5 million).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.3	4.3	4.3	4.3
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

The amounts of defined benefit obligations and experience adjustments for the current year and the past four years are as follows:

	(Unit: Thousand Baht)			
	Defined benefit obligation		Experience adjustments arising on the plan liabilities	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2014	23,403	18,667	-	-
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	-	-

18. 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.

19. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Salaries and wages and other employee benefits	248,369	238,168	223,276	214,503
Depreciation and amortisation expenses	100,316	105,849	92,477	98,471
Transportation expenses	25,183	39,167	97,252	107,502
Commission expenses	3,325	3,356	69,185	73,573
Raw materials and consumables used	6,283,135	6,248,829	6,283,135	6,248,829
Changes in inventories of finished goods	(214,287)	(420)	(219,859)	(19,560)

20. Income tax

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current income tax:				
Current income tax charge	51,738	97,250	34,335	79,114
Adjustment in respect of income tax of previous year	-	(3,490)	-	(3,490)
Deferred tax:				
Relating to origination and reversal of temporary differences	(6,506)	4,286	(6,291)	4,460
Income tax expenses reported in the statement of comprehensive income	<u>45,232</u>	<u>98,046</u>	<u>28,044</u>	<u>80,084</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2014 and 2013 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Deferred tax relating to actuarial losses (decrease)	-	(1,081)	-	(893)

The reconciliation between accounting profit and income tax expenses is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Accounting profit before tax	<u>226,310</u>	<u>505,347</u>	<u>168,168</u>	<u>441,643</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	45,262	101,069	33,634	88,329
Adjustment in respect of income tax of previous year	-	(3,490)	-	(3,490)
Effects of:				
Non-deductible expenses	258	543	177	379
Additional expense deductions allowed	(201)	(249)	(201)	(249)
Dividend income from subsidiaries	-	-	(5,561)	(4,885)
Others	(87)	173	(5)	-
Total	<u>(30)</u>	<u>467</u>	<u>(5,590)</u>	<u>(4,755)</u>
Income tax expenses reported in the statement of comprehensive income	<u>45,232</u>	<u>98,046</u>	<u>28,044</u>	<u>80,084</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
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
Deferred tax assets				
Allowance for doubtful accounts	4,893	4,621	1,641	1,485
Allowance for diminution in value of inventories	13,788	3,007	13,788	3,007
Allowance for advance for raw material	3,600	3,600	3,600	3,600
Provision for long-term employee benefits	4,680	4,112	3,733	3,263
Total	26,961	15,340	22,762	11,355
Deferred tax liabilities				
Difference depreciation between tax and accounting base	18,897	13,782	18,897	13,782
Total	18,897	13,782	18,897	13,782
Presentation in the statements of financial position				
Deferred tax assets	8,064	3,985	3,865	-
Deferred tax liabilities	-	(2,427)	-	(2,427)
Total	8,064	1,558	3,865	(2,427)

21. 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.

22. 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 2014, export sales of the Company and its subsidiaries represented approximately 1.8 percent (31 December 2013: 2.2 percent) of total sales. The export sales of the Company only for year then ended represented approximately 1.7 percent (31 December 2013: 2.1 percent) of the Company's sales.

For the year 2014 and 2013, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

23. 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 2014, the Company and its subsidiaries contributed Baht 3.7 million (2013: Baht 2.7 million) to the fund.

24. 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 23 April 2014	264.0	0.40
Total for 2014		264.0	0.40

25. Commitments and contingent liabilities

25.1 Capital commitments

As at 31 December 2014, the Company had capital commitments of approximately Baht 13.9 million, (2013: Baht 20.8 million, EUR 1.5 million and USD 0.8 million) relating to construction of new plant.

25.2 Letters of credit

The Company and its subsidiaries had commitments under letters of credit with overseas suppliers amounting to approximately USD 1.6 million, (2013: USD 0.1 million and Euro 1.3 million).

25.3 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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Payable:				
In up to 1 year	6.6	6.9	3.0	1.9
In over 1 and up to 5 years	11.2	6.0	-	1.1
In over 5 year	15.5	-	-	-

(Unit: Million Baht)

	Separated financial statements			
	Related parties		Unrelated parties	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Payable:				
In up to 1 year	3.4	3.0	2.7	1.9
In over 1 and up to 5 years	9.3	1.0	-	1.1
In over 5 year	15.5	-	-	-

25.4 Guarantees

- (1) As at 31 December 2014, there were outstanding bank guarantees of approximately Baht 61 million (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 business. These included letters of guarantee amounting to Baht 46 million (2013: Baht 37 million) to guarantee payments due to Customs Department, Baht 14 million (2013: Baht 12 million) to guarantee electricity use and Baht 1 million (2013: 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 (2013: Baht 1 million).

26. Financial instruments

26.1 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 receivables 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 2014					
Consolidated financial statements	Fixed			Total	Effective interest rate (% per annum)
	interest rates within 1 year	Floating interest rate	Non- interest bearing		
Financial Assets					
Cash and cash equivalent	-	332	-	332	0.375 - 0.50
Trade and other receivables	-	-	579	579	-
	-	332	579	911	
Financial liabilities					
Short-term loans from financial institutions	1,390	-	-	1,390	1.95 - 3.43
Trade and other payables	-	-	101	101	-
Long-term loan from related party	-	100	-	100	MLR - 1.5
Long-term loans from financial institution	-	201	-	201	MLR - 2.4
	1,390	301	101	1,792	-

(Million Baht)

As at 31 December 2013					
Consolidated financial statements	Fixed			Total	Effective interest rate (% per annum)
	interest rates within 1 year	Floating interest rate	Non- interest bearing		
Financial Assets					
Cash and cash equivalent	-	298	-	298	0.500 - 0.625
Trade and other receivables	-	-	598	598	-
	-	298	598	896	
Financial liabilities					
Short-term loans from financial institutions	826	-	-	826	1.75 - 3.47
Trade and other payables	-	-	195	195	
Long-term loan from related party	-	100	-	100	MLR - 1.5
	826	100	195	1,121	

(Million Baht)

As at 31 December 2014

Separate financial statements	Fixed	Floating	Non- interest	Total	Effective
	interest rates within 1 year	interest rate	bearing		interest rate (% per annum)
<u>Financial Assets</u>					
Cash and cash equivalent	-	184	-	184	0.375 - 0.50
Trade and other receivables	-	-	542	542	-
	-	184	542	726	
<u>Financial liabilities</u>					
Short-term loans from financial institutions	1,390	-	-	1,390	1.95 - 3.43
Trade and other payables	-	-	112	112	-
Long-term loan from related party	-	100	-	100	MLR - 1.5
Long-term loans from financial institution	-	201	-	201	MLR - 2.4
	1,390	301	112	1,803	

(Million Baht)

As at 31 December 2013

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

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 seeks to reduce this risk by entering into forward exchange contracts when it consider appropriate. Generally, the forward contracts mature within one year.

The Company has financial assets and financial liabilities denominated in foreign currencies which mature within one year as follows:

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	-	1.3	3.9	1.6	32.8834	32.7645
Euro	-	-	1.1	0.4	39.9180	44.9602

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2014			
Foreign currency	Bought amount	Contractual exchange rate bought	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2	33.06, 33.16	20 May 2015 , 23 June 2015

26.2 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.

27. 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 2014, the Group's debt-to-equity ratio was 0.85:1 (2013: 0.54:1) and the Company's was 0.95:1 (2013: 0.58:1).

28. Events after the reporting period

On 24 February 2015, the Company's Board of Directors meeting approved for payment of a dividend to the shareholders of Baht 0.16 per share, or a total of approximately Baht 105.6 million, from the operating results for the year ended 31 December 2014.

However, this resolution will be further proposed for the shareholders' approval in the Annual General Meeting of the shareholders for fiscal year 2015.

29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2015.