

Pacific Pipe Public Company Limited and its subsidiaries
Report and consolidated interim financial statements
For the three-month period ended 31 March 2015

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Pacific Pipe Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Pacific Pipe Public Company Limited and its subsidiaries as at 31 March 2015, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Pacific Pipe Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

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

Chonlaros Suntiasvaraporn
Certified Public Accountant (Thailand) No. 4523

EY Office Limited
Bangkok: 13 May 2015

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2015

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2015	31 December 2014	31 March 2015	31 December 2014
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		415,966	331,680	264,520	184,441
Trade and other receivables	3	646,576	578,920	616,324	542,060
Inventories	4	979,398	1,574,629	957,939	1,558,552
Advance for raw material	5	15,525	3,224	15,525	3,224
Other current assets		15,875	19,929	14,809	18,942
Total current assets		2,073,340	2,508,382	1,869,117	2,307,219
Non-current assets					
Investments in subsidiaries		-	-	11,996	11,996
Property, plant and equipment	6	1,474,125	1,452,537	1,425,072	1,412,354
Intangible assets		31,159	31,850	31,106	31,792
Deferred tax assets		12,409	8,064	8,159	3,865
Other non-current assets		125	125	-	-
Total non-current assets		1,517,818	1,492,576	1,476,333	1,460,007
Total assets		3,591,158	4,000,958	3,345,450	3,767,226

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

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2015

(Unit: Thousand Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>31 March 2015</u>	<u>31 December 2014</u>	<u>31 March 2015</u>	<u>31 December 2014</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	7	1,067,884	1,390,040	1,067,884	1,390,040
Trade and other payables	9	84,536	100,780	105,697	112,483
Current portion of long-term loan	8	8,375	-	8,375	-
Income tax payable		10,730	6,830	-	-
Other current liabilities		46,589	16,443	44,493	14,183
Total current liabilities		<u>1,218,114</u>	<u>1,514,093</u>	<u>1,226,449</u>	<u>1,516,706</u>
Non-current liabilities					
Long-term loan from related party	2	100,000	100,000	100,000	100,000
Long-term loan, net of current portion	8	192,625	201,000	192,625	201,000
Provision for long-term employee benefits	10	24,157	23,403	19,286	18,667
Total non-current liabilities		<u>316,782</u>	<u>324,403</u>	<u>311,911</u>	<u>319,667</u>
Total liabilities		<u>1,534,896</u>	<u>1,838,496</u>	<u>1,538,360</u>	<u>1,836,373</u>

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

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2015

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>31 March 2015</u>	<u>31 December 2014</u>	<u>31 March 2015</u>	<u>31 December 2014</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity				
Share capital				
Registered				
660,000,000 ordinary shares of Baht 1 each	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>
Issued and fully paid up				
660,000,000 ordinary shares of Baht 1 each	660,000	660,000	660,000	660,000
Share premium				
Share premium on ordinary shares	514,845	514,845	514,845	514,845
Surplus on treasury shares	1,011	1,011	1,011	1,011
Retained earnings				
Appropriated - statutory reserve	67,000	67,000	67,000	67,000
Unappropriated	<u>813,406</u>	<u>919,606</u>	<u>564,234</u>	<u>687,997</u>
Total shareholders' equity	<u>2,056,262</u>	<u>2,162,462</u>	<u>1,807,090</u>	<u>1,930,853</u>
Total liabilities and shareholders' equity	<u>3,591,158</u>	<u>4,000,958</u>	<u>3,345,450</u>	<u>3,767,226</u>
	-	-	-	-

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

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Directors
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(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 31 March 2015

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Profit or loss					
Revenues					
Sales and service income	2	1,741,451	1,672,439	1,728,266	1,639,030
Exchange gain		5,555	207	5,429	219
Other income		33,202	40,846	32,744	40,718
Total revenues		<u>1,780,208</u>	<u>1,713,492</u>	<u>1,766,439</u>	<u>1,679,967</u>
Expenses					
Cost of sales and services		1,778,773	1,486,455	1,780,963	1,467,889
Selling expenses		34,514	29,645	45,801	43,085
Administrative expenses		59,009	54,876	54,046	49,487
Total expenses		<u>1,872,296</u>	<u>1,570,976</u>	<u>1,880,810</u>	<u>1,560,461</u>
Profit (loss) before finance cost					
and income tax expenses		(92,088)	142,516	(114,371)	119,506
Finance cost		(13,864)	(9,417)	(13,686)	(9,290)
Profit (loss) before income tax expenses		(105,952)	133,099	(128,057)	110,216
Income tax (expenses) revenues	11	(248)	(26,446)	4,294	(22,025)
Profit (loss) for the period		<u>(106,200)</u>	<u>106,653</u>	<u>(123,763)</u>	<u>88,191</u>
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		<u>(106,200)</u>	<u>106,653</u>	<u>(123,763)</u>	<u>88,191</u>
Earnings per share					
Basic earnings per share					
Profit for the period	12	<u>(0.16)</u>	<u>0.16</u>	<u>(0.19)</u>	<u>0.13</u>

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2015

(Unit: Thousand Baht)

	Consolidated financial statements					Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Surplus on treasury shares	Retained earnings		
				Appropriated	Unappropriated	
Balance as at 1 January 2014	660,000	514,845	1,011	67,000	1,002,541	2,245,397
Total comprehensive income for the period	-	-	-	-	106,653	106,653
Balance as at 31 March 2014	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>1,109,194</u>	<u>2,352,050</u>
Balance as at 1 January 2015	660,000	514,845	1,011	67,000	919,606	2,162,462
Total comprehensive income for the period	-	-	-	-	(106,200)	(106,200)
Balance as at 31 March 2015	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>813,406</u>	<u>2,056,262</u>

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2015

(Unit: Thousand 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 2014	660,000	514,845	1,011	67,000	811,873	2,054,729
Total comprehensive income for the period	-	-	-	-	88,191	88,191
Balance as at 31 March 2014	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>900,064</u>	<u>2,142,920</u>
Balance as at 1 January 2015	660,000	514,845	1,011	67,000	687,997	1,930,853
Total comprehensive income for the period	-	-	-	-	(123,763)	(123,763)
Balance as at 31 March 2015	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>564,234</u>	<u>1,807,090</u>

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Cash flow statement

For the three-month period ended 31 March 2015

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cash flows from operating activities				
Profit (loss) before tax	(105,952)	133,099	(128,057)	110,216
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	26,594	24,571	24,606	22,726
Allowance for doubtful accounts	1,012	166	894	78
Reduction of inventory to net realisable value (reversal)	28,101	(3,225)	28,101	(3,225)
Loss on sales of equipment	2	2	2	1
Provision for long-term employee benefits	754	686	619	564
Unrealised gain on exchange	(684)	-	(684)	-
Interest income	(3)	(4)	(2)	(2)
Interest expenses	13,390	9,021	13,367	9,021
Profit (loss) from operating activities before changes in operating assets and liabilities	(36,786)	164,316	(61,154)	139,379
Operating assets (increase) decrease				
Trade and other receivables	(68,704)	(41,603)	(75,195)	(30,334)
Inventories	567,129	(129,123)	572,511	(146,030)
Advance for raw material	(12,301)	(94,245)	(12,301)	(94,245)
Other current assets	4,939	(31,111)	5,018	(31,261)
Operating liabilities increase (decrease)				
Trade and other payables	(17,510)	(61,162)	(8,052)	(53,890)
Other current liabilities	30,146	16,880	30,311	16,967
Cash flows from (used in) operating activities	466,913	(176,048)	451,138	(199,414)
Cash paid for interest expenses	(12,124)	(8,605)	(12,101)	(8,605)
Cash paid for corporate income tax	(1,578)	(1,250)	(885)	(555)
Net cash flows from (used in) operating activities	453,211	(185,903)	438,152	(208,574)

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the three-month period ended 31 March 2015

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cash flows from investing activities				
Acquisition of plant and equipment	(46,314)	(137,097)	(35,461)	(137,091)
Acquisition of intangible assets	(155)	(262)	(155)	(262)
Interest income	3	304	2	302
Capitalised Interest as assets	(1,025)	-	(1,025)	-
Proceeds from sales of equipment	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>
Net cash flows used in investing activities	<u>(47,489)</u>	<u>(137,055)</u>	<u>(36,637)</u>	<u>(137,051)</u>
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	<u>(321,436)</u>	<u>376,958</u>	<u>(321,436)</u>	<u>376,958</u>
Net cash flows from (used in) financing activities	<u>(321,436)</u>	<u>376,958</u>	<u>(321,436)</u>	<u>376,958</u>
Net increase in cash and cash equivalents	84,286	54,000	80,079	31,333
Cash and cash equivalents at beginning of period	<u>331,680</u>	<u>297,646</u>	<u>184,441</u>	<u>194,661</u>
Cash and cash equivalents at end of period	<u><u>415,966</u></u>	<u><u>351,646</u></u>	<u><u>264,520</u></u>	<u><u>225,994</u></u>
	-	-	-	-

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

Pacific Pipe Public Company Limited and its subsidiaries

Notes to consolidated interim financial statements

For the three-month period ended 31 March 2015

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 2014) "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 2014. There has been no change in the composition of the Group during the current period.

1.4 New financial reporting standards

During the period, the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which 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 standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised 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 either profit or loss or 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 recognise 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 content of *TAS 27 Consolidated and Separate Financial Statements* dealing with consolidated 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 investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Company's 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 measurement. 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 effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

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 2014.

2. Related party transactions

The followings are relationships between the Company and related parties.

Name of entities	Nature of relationships
Tang Mong Seng Holding Company Limited	Major shareholder, 39.05% shareholding
Tamose Trading Company Limited	Subsidiary, 99.94% shareholding, all directors are representatives of the Company
Meesup Transport Company Limited	Subsidiary, 99.97% shareholding, all directors are representatives of the Company
Lat Lum Kaeo Asset Company Limited	Common directors
Bang Bo Asset Company Limited	Common directors
Key management personnel	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	For the three-month periods ended 31 March				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated					
financial statements)					
Sales of goods	-	-	856.1	756.2	Reference to market price
Purchases of goods	-	-	13.5	-	Reference to market price
Rental income	-	-	0.2	0.2	Contract price
Service income	-	-	0.2	0.2	Contract price
Commission paid	-	-	16.6	16.7	Contract price
Transportation expenses	-	-	23.0	21.8	Reference to market price
<u>Transactions with related parties</u>					
Interest expenses	1.3	1.3	1.3	1.3	MLR-1.5 percent per annum
Office rental and service expenses	0.8	0.8	-	-	Contract price
Land rental	1.2	-	1.2	-	Contract price
<u>Transactions with related persons</u>					
Land rental	-	0.9	-	0.9	Contract price

(Unaudited but reviewed)

The balances of the accounts as at 31 March 2015 and 31 December 2014 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
		(Audited)		(Audited)
<u>Trade receivables - related parties (Note 3)</u>				
Tamose Trading Company Limited	-	-	251,262	217,639
Meesup Transport Company Limited	-	-	3	-
Total trade receivables - related parties	-	-	251,265	217,639
<u>Other receivables - related parties (Note 3)</u>				
Tamose Trading Company Limited	-	-	186	-
Meesup Transport Company Limited	-	-	32	-
Total other receivables - related parties	-	-	218	-
<u>Trade payable - related party (Note 9)</u>				
Tamose Trading Company Limited	-	-	14,276	7,390
Total trade payable - related party	-	-	14,276	7,390
<u>Other payables - related parties (Note 9)</u>				
Tamose Trading Company Limited	-	-	12,767	10,900
Meesup Transport Company Limited	-	-	4,349	2,878
Related companies (by directors)	1,152	-	1,152	-
Total other payables - related parties	1,152	-	18,268	13,778

Loans from related party

The balances of long-term loan from related company as at 31 March 2015 and 31 December 2014 and the movement are as follows:

(Unit: Thousand Baht)

Long-term loan	Related by	Consolidated financial statements / Separate financial statements			
		Balance as at 31 December 2014	Movement during the period		Balance as at 31 March 2015
			Increase	Decrease	
Tang Mong Seng Holding Company Limited	Major shareholder	100,000	-	-	100,000

(Unaudited but reviewed)

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

Directors and management's benefits

During the three-month periods ended 31 March 2015 and 2014, 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	
	2015	2014	2015	2014
Short-term employee benefits	8,795	8,787	7,564	7,556
Post-employment benefits	610	616	564	519
Total	9,405	9,403	8,128	8,075

Guarantee obligations with related party

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

3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
		(Audited)		(Audited)
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	215,684	163,695
Past due				
Up to 3 months	-	-	35,581	53,944
Total trade receivables - related parties (Note 2)	-	-	251,265	217,639
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	528,978	415,788	294,649	241,094
Past due				
Up to 3 months	105,732	134,363	63,091	79,217
3 - 6 months	3,763	16,159	4,072	643
6 - 12 months	9,238	13,662	3,873	4,216
Over 12 months	24,341	23,412	8,253	7,453
Total	672,052	603,384	373,938	332,623
Less: Allowance for doubtful debts	(25,476)	(24,464)	(9,097)	(8,202)
Total trade receivables - unrelated parties, net	646,576	578,920	364,841	324,421
Total trade receivables - net	646,576	578,920	616,106	542,060
<u>Other receivables</u>				
Other receivables - related parties (Note 2)	-	-	218	-
Total trade and other receivables - net	646,576	578,920	616,324	542,060

4. Inventories

Movements in the reduced cost of inventory to net realisable value account during the three-month period ended 31 March 2015 are summarised below.

	(Unit: Thousand Baht)
	Consolidated/Separate financial statements
Balance as at 1 January 2015	68,943
Add: Record during the period	28,101
Balance as at 31 March 2015	97,044

5. Advance for raw material

	(Unit: Thousand Baht)	
	Consolidated / Separate financial statements	
	31 March 2015	31 December 2014
		(Audited)
Advance for raw material	33,525	21,224
Less: Allowance for impairment	(18,000)	(18,000)
	15,525	3,224

The advance payment for raw material as at 31 March 2015 included the advance cash payment of Baht 20.5 million (31 December 2014: Baht 21 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.

As a result of the above, the supplier negotiated with the Company with respect to payment of the advance for raw materials. In April 2013, the Company and the supplier entered into a settlement agreement whereby payment would be made within 3 years, and partial payment has already been made. However, in February 2015, the supplier requested to enter into an agreement rescheduling payment with the Company, whereby the supplier will pay the outstanding amount monthly, within a period of 33 months, at the rate stipulated in the agreement. The Company's management does not expect to incur losses in excess of the impairment loss recorded in the financial statements.

6. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2015	1,452,537	1,412,354
Acquisitions during the period - at cost	46,314	35,461
Capitalised Interest	1,025	1,025
Write-off during the period - net book value at write-off date	(4)	(4)
Transfer out during the period	(360)	(360)
Depreciation for the period	<u>(25,387)</u>	<u>(23,404)</u>
Net book value as at 31 March 2015	<u><u>1,474,125</u></u>	<u><u>1,425,072</u></u>

7. Short-term loans from financial institutions

		(Unit: Thousand Baht)	
	Interest rate	<u>Consolidated / Separate financial statements</u>	
	(Percent per annum)	<u>31 March 2015</u>	<u>31 December 2014</u>
			(Audited)
Short-term loans from financial institutions	3.05 - 3.20	1,034,268	1,217,920
Trust receipt	2.15	<u>33,616</u>	<u>172,120</u>
		<u><u>1,067,884</u></u>	<u><u>1,390,040</u></u>

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

8. Long-term credit facilities

(Unit: Thousand Baht)

Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements/ Separate financial statements	
			31 March 2015	31 December 2014 (Audited)
1	MLR - 2.4	Monthly installment as from January 2016	201,000	201,000
Less: Portion due within one year			(8,375)	-
Long-term loans - net of current portion			192,625	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 March 2015, the credit facilities of the Company which has not yet been drawn down amounted to Baht 449 million (31 December 2014: Baht 449 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.

9. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2015	31 December 2014 (Audited)	31 March 2015	31 December 2014 (Audited)
Trade payables - unrelated parties	8,674	1,437	6,811	-
Trade payable - related party (Note 2)	-	-	14,276	7,390
Other payables - related parties (Note 2)	1,152	-	18,268	13,778
Other payables - unrelated parties	45,151	63,267	42,591	61,586
Accrued expenses	29,559	36,076	23,751	29,729
Total trade and other payables	84,536	100,780	105,697	112,483

10. Provision for long-term employee benefits

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2015	23,403	18,667
Add: Recognition during the period	754	619
Balance as at 31 March 2015	<u>24,157</u>	<u>19,286</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 period ended 31 March 2015 and 2014 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current income tax:				
Interim corporate income tax charge	4,593	24,081	-	19,618
Deferred tax:				
Relating to origination and reversal of temporary differences	(4,345)	2,365	(4,294)	2,407
Income tax expenses (revenues) reported in the statements of comprehensive income	<u>248</u>	<u>26,446</u>	<u>(4,294)</u>	<u>22,025</u>

12. Basic earnings per share

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

13. Commitments and contingent liabilities

13.1 Capital commitments

As at 31 March 2015, the Company had capital commitments of approximately Baht 5 million, relating to purchases of machinery and construction of new plant (31 December 2014: Baht 13.9 million).

13.2 Letters of credit

The Company and its subsidiaries had commitments under letters of credit with overseas suppliers amounting to approximately USD 0.4 million (31 December 2014: USD 1.6 million).

13.3 Operating lease commitments

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

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

	(Unit: Million Baht)			
	Consolidated financial statements			
	Related parties		Unrelated parties	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
		(Audited)		(Audited)
Payable:				
In up to 1 year	6.0	6.6	2.0	3.0
In over 1 and up to 5 years	10.5	11.2	-	-
In over 5 year	14.9	15.5	-	-
				(Unit: Million Baht)
	Separated financial statements			
	Related parties		Unrelated parties	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
		(Audited)		(Audited)
Payable:				
In up to 1 year	2.8	3.4	1.8	2.7
In over 1 and up to 5 years	9.4	9.3	-	-
In over 5 year	14.9	15.5	-	-

13.4 Guarantees

- (1) As at 31 March 2015, there were outstanding bank guarantees of approximately Baht 61 million (31 December 2014: Baht 61 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 2014: Baht 46 million) to guarantee payments due to Customs Department, Baht 14 million (31 December 2014: Baht 14 million) to guarantee electricity use and Baht 1 million (31 December 2014: 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 2014: Baht 1 million).

14. Segment information

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

For the three-month periods ended 31 March 2015, export sales of the Company and its subsidiaries represented approximately 2.1 percent (31 March 2014: 2.6 percent) of total sales. The export sales of the Company only for the three-month period then ended represented approximately 1.8 percent (31 March 2014: 2.6 percent) of the Company's sales.

15. Foreign currency risk

As at 31 March 2015 and 31 December 2014, the Company has financial assets and financial liabilities denominated in foreign currency which mature within one year as follows:

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	31 March 2015 (Million)	31 December 2014 (Million)	31 March 2015 (Million)	31 December 2014 (Million)	31 March 2015 (Baht per 1 foreign currency unit)	31 December 2014
US dollar	0.4	-	1.0	3.9	32.4752	32.8834
EUR	-	-	-	1.1	35.0822	39.9180

Foreign exchange contracts outstanding are summarised below.

As at 31 March 2015			
Foreign currency	Bought amount	Contractual exchange rate bought	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.2	32.61	2 June 2015

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

16. Event after the reporting period

On 23 April 2015, the 2015 Annual General Meeting of the Company's shareholders approved the payment of dividend to its shareholders from the profit for the year 2014 of Baht 0.16 per share, a total of Baht 105.6 million, which is to be paid on 14 May 2015. This dividend will be recorded in the second quarter of the current year.

17. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 May 2015.