

Pacific Pipe Public Company Limited and its subsidiaries
Report and consolidated interim financial statements
For the three-month and six-month periods ended
30 June 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 30 June 2015, the related consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2015, and the related consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Pacific Pipe Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

Chonlaros Suntiasvaraporn
Certified Public Accountant (Thailand) No. 4523

EY Office Limited
Bangkok: 11 August 2015

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2015

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>30 June 2015</u>	<u>31 December 2014</u>	<u>30 June 2015</u>	<u>31 December 2014</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		513,579	331,680	288,584	184,441
Trade and other receivables	3	700,127	578,920	702,998	542,060
Dividend receivable from subsidiaries	2	-	-	30,264	-
Inventories	4	944,737	1,574,629	932,217	1,558,552
Advance for raw material	5	183,786	3,224	183,786	3,224
Other current assets		<u>21,556</u>	<u>19,929</u>	<u>20,472</u>	<u>18,942</u>
Total current assets		<u>2,363,785</u>	<u>2,508,382</u>	<u>2,158,321</u>	<u>2,307,219</u>
Non-current assets					
Investments in subsidiaries		-	-	11,996	11,996
Property, plant and equipment	6	1,458,345	1,452,537	1,412,002	1,412,354
Intangible assets		29,951	31,850	29,901	31,792
Deferred tax assets		4,280	8,064	-	3,865
Other non-current assets		<u>125</u>	<u>125</u>	<u>-</u>	<u>-</u>
Total non-current assets		<u>1,492,701</u>	<u>1,492,576</u>	<u>1,453,899</u>	<u>1,460,007</u>
Total assets		<u>3,856,486</u>	<u>4,000,958</u>	<u>3,612,220</u>	<u>3,767,226</u>

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

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2015

(Unit: Thousand Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>30 June 2015</u>	<u>31 December 2014</u>	<u>30 June 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	1,185,994	1,390,040	1,185,994	1,390,040
Trade and other payables	8	91,256	100,780	98,094	112,483
Current portion of long-term loan	9	33,917	-	33,917	-
Income tax payable		7,559	6,830	-	-
Other current liabilities		<u>23,305</u>	<u>16,443</u>	<u>20,369</u>	<u>14,183</u>
Total current liabilities		<u>1,342,031</u>	<u>1,514,093</u>	<u>1,338,374</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	9	373,083	201,000	373,083	201,000
Provision for long-term employee benefits	10	24,911	23,403	19,904	18,667
Deferred tax liabilities		<u>7,802</u>	<u>-</u>	<u>7,802</u>	<u>-</u>
Total non-current liabilities		<u>505,796</u>	<u>324,403</u>	<u>500,789</u>	<u>319,667</u>
Total liabilities		<u>1,847,827</u>	<u>1,838,496</u>	<u>1,839,163</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 30 June 2015

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2015 (Unaudited but reviewed)	31 December 2014 (Audited)	30 June 2015 (Unaudited but reviewed)	31 December 2014 (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>765,803</u>	<u>919,606</u>	<u>530,201</u>	<u>687,997</u>
Total shareholders' equity	<u>2,008,659</u>	<u>2,162,462</u>	<u>1,773,057</u>	<u>1,930,853</u>
Total liabilities and shareholders' equity	<u>3,856,486</u>	<u>4,000,958</u>	<u>3,612,220</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 30 June 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	1,695,851	1,923,442	1,669,253	1,903,900
Dividend income	2	-	-	30,264	27,806
Other income		39,132	43,931	38,628	43,528
Total revenues		<u>1,734,983</u>	<u>1,967,373</u>	<u>1,738,145</u>	<u>1,975,234</u>
Expenses					
Cost of sales and services		1,545,991	1,765,526	1,534,994	1,760,644
Selling expenses		36,105	31,126	46,835	45,353
Administrative expenses		61,716	56,012	56,074	50,723
Exchange loss		768	780	769	781
Total expenses		<u>1,644,580</u>	<u>1,853,444</u>	<u>1,638,672</u>	<u>1,857,501</u>
Profit before finance cost					
and income tax expenses		90,403	113,929	99,473	117,733
Finance cost		(12,107)	(13,083)	(11,940)	(12,929)
Profit before income tax expenses		78,296	100,846	87,533	104,804
Income tax expenses	11	(20,283)	(20,302)	(15,966)	(15,512)
Profit for the period		<u>58,013</u>	<u>80,544</u>	<u>71,567</u>	<u>89,292</u>
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		<u>58,013</u>	<u>80,544</u>	<u>71,567</u>	<u>89,292</u>
Earnings per share					
Basic earnings per share					
Profit for the period	12	<u>0.09</u>	<u>0.12</u>	<u>0.11</u>	<u>0.14</u>

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries**Statement of comprehensive income****For the six-month period ended 30 June 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	3,437,302	3,595,881	3,397,519	3,542,930
Gain on exchange		4,787	-	4,660	-
Dividend income	2	-	-	30,264	27,806
Other income		72,334	84,777	71,372	84,246
Total revenues		<u>3,514,423</u>	<u>3,680,658</u>	<u>3,503,815</u>	<u>3,654,982</u>
Expenses					
Cost of sales and services		3,324,764	3,251,981	3,315,957	3,228,533
Selling expenses		70,619	60,771	92,636	88,438
Administrative expenses		120,725	110,888	110,120	100,210
Exchange loss		-	573	-	562
Total expenses		<u>3,516,108</u>	<u>3,424,213</u>	<u>3,518,713</u>	<u>3,417,743</u>
Profit (loss) before finance cost					
and income tax expenses		(1,685)	256,445	(14,898)	237,239
Finance cost		(25,971)	(22,500)	(25,626)	(22,219)
Profit (loss) before income tax expenses		<u>(27,656)</u>	<u>233,945</u>	<u>(40,524)</u>	<u>215,020</u>
Income tax expenses	11	(20,531)	(46,748)	(11,672)	(37,537)
Profit (loss) for the period		<u>(48,187)</u>	<u>187,197</u>	<u>(52,196)</u>	<u>177,483</u>
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		<u>(48,187)</u>	<u>187,197</u>	<u>(52,196)</u>	<u>177,483</u>
Earnings per share					
Basic earnings per share					
Profit (loss) for the period	12	<u>(0.07)</u>	<u>0.28</u>	<u>(0.08)</u>	<u>0.27</u>

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the six-month period ended 30 June 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
Dividend paid (Note 13)	-	-	-	-	(264,014)	(264,014)
Total comprehensive income for the period	-	-	-	-	187,197	187,197
Balance as at 30 June 2014	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>925,724</u>	<u>2,168,580</u>
Balance as at 1 January 2015	660,000	514,845	1,011	67,000	919,606	2,162,462
Dividend paid (Note 13)	-	-	-	-	(105,616)	(105,616)
Total comprehensive income for the period	-	-	-	-	(48,187)	(48,187)
Balance as at 30 June 2015	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>765,803</u>	<u>2,008,659</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 six-month period ended 30 June 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
Dividend paid (Note 13)	-	-	-	-	(264,000)	(264,000)
Total comprehensive income for the period	-	-	-	-	177,483	177,483
Balance as at 30 June 2014	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>725,356</u>	<u>1,968,212</u>
Balance as at 1 January 2015	660,000	514,845	1,011	67,000	687,997	1,930,853
Dividend paid (Note 13)	-	-	-	-	(105,600)	(105,600)
Total comprehensive income for the period	-	-	-	-	(52,196)	(52,196)
Balance as at 30 June 2015	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>530,201</u>	<u>1,773,057</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 six-month period ended 30 June 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	(27,656)	233,945	(40,524)	215,020
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	55,584	49,428	51,442	45,650
Allowance for doubtful accounts	1,133	147	1,002	112
Reversal of allowance for diminution in value of inventory	(43,634)	(6,707)	(43,634)	(6,707)
Loss (gain) on write-off/disposals of equipment	(504)	7	(504)	6
Provision for long-term employee benefits	1,508	1,373	1,237	1,128
Unrealised loss on exchange	279	23	279	23
Dividend income	-	-	(30,264)	(27,806)
Interest income	(696)	(1,126)	(468)	(917)
Interest expenses	24,863	21,600	24,840	21,600
Profit (loss) from operating activities before changes in operating assets and liabilities	10,877	298,690	(36,594)	248,109
Operating assets (increase) decrease				
Trade and other receivables	(122,317)	(99,139)	(161,915)	(71,495)
Inventories	673,526	(8,095)	669,969	(27,800)
Advance for raw material	(180,562)	(134,956)	(180,562)	(134,956)
Other current assets	(189)	(13,357)	(93)	(13,276)
Operating liabilities increase (decrease)				
Trade and other payables	(9,799)	(79,713)	(14,665)	(75,951)
Other current liabilities	6,861	(14,923)	6,186	(16,001)
Cash flows from (used in) operating activities	378,397	(51,493)	282,326	(91,370)
Cash paid for interest expenses	(24,583)	(19,964)	(24,561)	(19,964)
Cash paid for corporate income tax	(9,653)	(41,602)	(1,443)	(32,711)
Net cash flows from (used in) operating activities	344,161	(113,059)	256,322	(144,045)

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 six-month period ended 30 June 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	(58,300)	(241,246)	(48,005)	(232,188)
Acquisition of intangible assets	(175)	(1,540)	(175)	(1,540)
Interest income	696	1,011	468	802
Capitalised interest as cost of assets	(1,717)	-	(1,717)	-
Proceeds from sales of equipment	1,202	-	1,202	-
Net cash flows used in investing activities	<u>(58,294)</u>	<u>(241,775)</u>	<u>(48,227)</u>	<u>(232,926)</u>
Cash flows from financing activities				
Increase (decrease) in short-term loans				
from financial institutions	(204,352)	700,744	(204,352)	700,744
Cash receipt from long-term loan from financial institution	206,000	-	206,000	-
Dividend paid	(105,616)	(264,000)	(105,600)	(264,000)
Net cash flows from (used in) financing activities	<u>(103,968)</u>	<u>436,744</u>	<u>(103,952)</u>	<u>436,744</u>
Net increase in cash and cash equivalents	181,899	81,910	104,143	59,773
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>513,579</u></u>	<u><u>379,556</u></u>	<u><u>288,584</u></u>	<u><u>254,434</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 and six-month periods ended 30 June 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: Million Baht)

	For the three-month periods ended 30 June				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	-	-	781.8	860.1	Reference to market price
Purchases of goods	-	-	0.1	-	Reference to market price
Rental income	-	-	0.1	0.1	Contract price
Service income	-	-	0.2	0.2	Contract price
Commission paid	-	-	16.8	19.6	Contract price
Transportation expenses	-	-	22.8	21.4	Reference to market price
<u>Transactions with related party</u>					
Interest expenses	1.3	1.3	1.3	1.3	MLR - 1.5 per annum
Office rental and service expenses	0.8	0.8	-	-	Contract price
Land rental	1.1	-	1.1	-	Contract price
<u>Transaction with related persons</u>					
Land rental	-	0.9	-	0.9	Contract price

(Unit: Million Baht)

	For the six-month periods ended 30 June				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	-	-	1,637.9	1,616.3	Reference to market price
Purchases of goods	-	-	13.6	-	Reference to market price
Rental income	-	-	0.3	0.3	Contract price
Service income	-	-	0.4	0.4	Contract price
Commission paid	-	-	33.4	36.3	Contract price
Transportation expenses	-	-	45.8	43.2	Reference to market price
<u>Transactions with related party</u>					
Interest expenses	2.6	2.6	2.6	2.6	MLR - 1.5 per annum
Office rental and service expenses	1.6	1.6	-	-	Contract price
Land rental	2.3	-	2.3	-	Contract price
<u>Transaction with related persons</u>					
Land rental	-	1.8	-	1.8	Contract price

(Unaudited but reviewed)

The balances of the accounts as at 30 June 2015 and 31 December 2014 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
		(Audited)		(Audited)
<u>Trade receivable - related party (Note 3)</u>				
Tamose Trading Company Limited	-	-	296,991	217,639
Total trade receivable - related party	-	-	296,991	217,639
<u>Other receivables - related parties (Note 3)</u>				
Tamose Trading Company Limited	-	-	373	-
Meesup Transport Company Limited	-	-	63	-
Total other receivables - related parties	-	-	436	-
<u>Trade payable - related party (Note 9)</u>				
Tamose Trading Company Limited	-	-	-	7,390
Total trade payable - related party	-	-	-	7,390
<u>Other payables - related parties (Note 9)</u>				
Tamose Trading Company Limited	-	-	13,669	10,900
Meesup Transport Company Limited	-	-	4,939	2,878
Total other payables - related parties	-	-	18,608	13,778

Loans from related party

The balances of long-term loan from related company as at 30 June 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 30 June 2015
			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.

Dividend income

During the current quarter, the Company recognised dividend income from Tamose Trading Company Limited and Meesup Transport Company Limited of Baht 22.0 million and Baht 8.3 million, respectively, in the separate financial statements.

Directors and management's benefits

During the six-month periods ended 30 June 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	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits	18,184	18,335	15,721	15,872
Post-employment benefits	1,220	1,234	1,128	1,040
Total	<u>19,404</u>	<u>19,569</u>	<u>16,849</u>	<u>16,912</u>

Guarantee obligations with related party

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

3. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	(Audited)		(Audited)	
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	235,805	163,695
Past due				
Up to 3 months	-	-	61,186	53,944
Total trade receivables - related parties (Note 2)	-	-	296,991	217,639
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	561,661	415,788	316,144	241,094
Past due				
Up to 3 months	119,844	134,363	72,403	79,217
3 - 6 months	14,026	16,159	12,778	643
6 - 12 months	5,146	13,662	4,562	4,216
Over 12 months	25,047	23,412	8,888	7,453
Total	725,724	603,384	414,775	332,623
Less: Allowance for doubtful debts	(25,597)	(24,464)	(9,204)	(8,202)
Total trade receivables - unrelated parties, net	700,127	578,920	405,571	324,421
Total trade receivables - net	700,127	578,920	702,562	542,060
<u>Other receivables</u>				
Other receivables - related parties (Note 2)	-	-	436	-
Total trade and other receivables - net	700,127	578,920	702,998	542,060

4. Inventories

Movements in the reduced cost of inventory to net realisable value account during the six-month period ended 30 June 2015 are summarised below.

	(Unit: Thousand Baht)
	Consolidated/Separate
	financial statements
Balance as at 1 January 2015	68,943
Add: Reversal during the period	(43,634)
Balance as at 30 June 2015	25,309

5. Advance for raw material

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	30 June 2015	31 December 2014
		(Audited)
Advance for raw material	201,786	21,224
Less: Allowance for impairment	(18,000)	(18,000)
	183,786	3,224

The advance payment for raw material as at 30 June 2015 included the advance cash payment of Baht 19.3 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 six-month period ended 30 June 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2015	1,452,537	1,412,354
Acquisitions during the period - at cost	58,300	48,005
Capitalised Interest	1,717	1,717
Write-off during the period - net book value at write-off date	(698)	(698)
Transfer out during the period	(360)	(360)
Depreciation for the period	(53,151)	(49,016)
Net book value as at 30 June 2015	<u>1,458,345</u>	<u>1,412,002</u>

7. Short-term loans from financial institutions

	Interest rate (Percent per annum)	(Unit: Thousand Baht)	
		Consolidated / Separate financial statements	
		30 June 2015	31 December 2014 (Audited)
Short-term loans from financial institutions	2.67 - 3.20	1,177,512	1,217,920
Trust receipt	2.15	8,482	172,120
		<u>1,185,994</u>	<u>1,390,040</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. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
		(Audited)		(Audited)
Trade payables - unrelated parties	20,548	1,437	17,881	-
Trade payable - related party (Note 2)	-	-	-	7,390
Other payables - related parties (Note 2)	-	-	18,608	13,778
Other payables - unrelated parties	46,226	63,267	44,199	61,586
Accrued expenses	24,482	36,076	17,406	29,729
Total trade and other payables	91,256	100,780	98,094	112,483

9. Long-term loan

Loan	Interest rate (%)	Repayment schedule	(Unit: Thousand Baht)	
			Consolidated financial statements/ Separate financial statements	
			30 June 2015	31 December 2014
				(Audited)
1	MLR - 2.4	Monthly installment as from January 2016	407,000	201,000
		Less: Portion due within one year	(33,917)	-
		Long-term loan - net of current portion	373,083	201,000

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.

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	1,508	1,237
Balance as at 30 June 2015	<u>24,911</u>	<u>19,904</u>

11. Income tax

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

Income tax expenses for the three-month and six-month periods ended 30 June 2015 and 2014 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current income tax:				
Interim corporate income tax charge	4,352	19,214	5	14,410
Deferred tax:				
Relating to origination and reversal of temporary differences	15,931	1,088	15,961	1,102
Income tax expenses reported in the statements of comprehensive income	<u>20,283</u>	<u>20,302</u>	<u>15,966</u>	<u>15,512</u>

	(Unit: Thousand Baht)			
	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current income tax:				
Interim corporate income tax charge	8,945	43,295	5	34,028
Deferred tax:				
Relating to origination and reversal of temporary differences	11,586	3,453	11,667	3,509
Income tax expenses reported in the statements of comprehensive income	<u>20,531</u>	<u>46,748</u>	<u>11,672</u>	<u>37,537</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. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht/share)
Final dividends for 2013	Annual General Meeting of the shareholders on 24 April 2014	264.0	0.40
Total for 2014		264.0	0.40
Final dividends for 2014	Annual General Meeting of the shareholders on 23 April 2015	105.6	0.16
Total for 2015		105.6	0.16

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

As at 30 June 2015, the Company had capital commitments of approximately Baht 6.7 million, relating to construction of new plant (31 December 2014: Baht 13.9 million).

14.2 Letters of credit

The Company and its subsidiaries had commitments under letters of credit with overseas suppliers amounting to approximately USD 1.7 million (31 December 2014: USD 1.6 million).

14.3 Operating lease commitments

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

(Unaudited but reviewed)

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

(Unit: Million Baht)

	Consolidated financial statements				
	Related parties		Unrelated parties		
	30 June	31 December	30 June	31 December	
	2015	2014	2015	2014	
				(Audited)	(Audited)
Payable:					
In up to 1 year	5.4	6.6	2.1	3.0	
In over 1 and up to 5 years	9.7	11.2	2.9	-	
In over 5 year	14.3	15.5	-	-	

(Unit: Million Baht)

	Separated financial statements				
	Related parties		Unrelated parties		
	30 June	31 December	30 June	31 December	
	2015	2014	2015	2014	
				(Audited)	(Audited)
Payable:					
In up to 1 year	2.2	3.4	2.1	2.7	
In over 1 and up to 5 years	9.5	9.3	2.9	-	
In over 5 year	14.3	15.5	-	-	

14.4 Guarantees

- (1) As at 30 June 2015, there were outstanding bank guarantees of approximately Baht 67 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 51 million (31 December 2014: Baht 46 million) to guarantee payments due to Customs Department, Baht 15 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).

15. Segment information

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

For the three-month and six-month periods ended 30 June 2015, export sales of the Company and its subsidiaries represented approximately 2.5 and 2.2 percent, respectively (30 June 2014: 2.6 and 2.6 percent) of total sales. The export sales of the Company only for the three-month and six-month periods then ended represented approximately 2.2 and 2.0 percent, respectively (30 June 2014: 2.5 and 2.6 percent) of the Company's sales.

16. Foreign currency risk

As at 30 June 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	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.5	-	0.3	3.9	33.6955	32.8834
EUR	-	-	-	1.1	37.6454	39.9180

Foreign exchange contracts outstanding as at 31 December 2014 were 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

17. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 August 2015.